

Dunville, Denise

From: Hazel Ryan [REDACTED]
Sent: 16 April 2018 17:16
To: Reynolds, Sinead; Patrick Brennan
Subject: RE: SARP

[REDACTED] I'll have a look around for that submission and get back to you.

Regards,

Hazel

From: Reynolds, Sinead [REDACTED]
Sent: 16 April 2018 15:51
To: Hazel Ryan <[REDACTED]>; Patrick Brennan [REDACTED]
Subject: RE: SARP

Yes, of course. Anytime suits me. [REDACTED]

Just one thing – Revenue have told me they raised the 30 day issue with DoF before and it wasn't proceeded with. I've wracked my brains and I can't recall it; nor was it included in the review of SARP I did in 2014. Maybe it was raised after that? In any event, if you have a submission to the Minister on the issue, I'd appreciate a glance at it.

Ta!

Regards,

Sinead Reynolds
Revenue Commissioners
[REDACTED]

From: Hazel Ryan [REDACTED]
Sent: 16 April 2018 15:41
To: Reynolds, Sinead; Patrick Brennan
Subject: RE: SARP

Hi Sinead,

Would you be free for us to call you on this tomorrow morning- what time suits you?

Kind regards,

Hazel

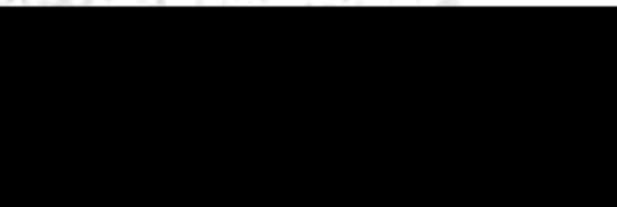
From: Reynolds, Sinead [REDACTED]
Sent: 16 April 2018 14:35
To: Patrick Brennan [REDACTED]
Tc: Hazel Ryan <[REDACTED]>
Subject: SARP

Hi Patrick & Hazel,

I wonder would it be possible to have a chat about SARP in the near future? I have been in discussion with the unit that administers SARP claims in relation to this year's annual report which should be available shortly. At those discussions the issue of the 30 day limit for submission of applications (s825C(2A)(e)) was raised. There are difficulties for firms complying due to delays in receiving PPSN numbers and also some issues with companies/tax agents applying for SARP long after the 30 days.

Also, I expect to receive the stats for 2016 in the coming days so I will get the annual report compiled and sent to you asap.

Regards,

Sinead Reynolds
Revenue Commissioners


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Tabhair faoi deara nach féidir leis na Coimisiúní loncaim ráthaocht a thabhairt go bhfuil aon sonrai pearsanta agus fogair a gcuirtear isteach i ngnáth-théacs tri r-phost caighdeánach go huile is go hiomlán slán. Meastar go nglacann custaiméiri a úsáideann an cainéal seo le haon ríosca bainteach. I measc na modhanna cumarsáide eile atá ag na Coimisiúní ná post caighdeánach agus an rogha ár seirbhís (criptithe) M'Fhiosruithe a úsáid, tá sí ar fáil laistigh de MoChúrsaí agus ROS. Is féidir leat clárú le haghaidh ceachtar MoChúrsaí nó ROS ar shuíomh gréasáin na gCoimisiúní.

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Bourke, Therese

From: Bourke, Therese
Sent: 01 June 2018 15:22
To: Domoney, Finbarr
Cc: Boyle, Brian; Leane, Breda; Cunniffe, Denise; Waters, Sarah; Reynolds, Sinead
Subject:
Attachments:

Finbarr

Please find attached briefing material in relation to :

- SARP

- [REDACTED]

SARP

Please note that the 2016 SARP report is in draft and with the Department of Finance for obs. Thus, the attached briefing note and related Q&A do not contain any details relating to 2016. If the 2016 report is finalised in advance of the Chairman's appearance on 28 June we will update the briefing note and the Q&A document.

However, for information purposes I have attached the 2016 draft SARP report, with some observations below.

- Total number of SARP employees for 2016 - 793, an increase of 207 from the 2015 figure
- The tax cost for 2016 - €18.1m, which is a 90% (or €8.6m) increase in the cost for 2015
- For 2016 there are a small number of employees availing of the relief with salaries in excess of €1m [REDACTED]

If you need anything else please don't hesitate to contact me.

Kind regards

Therese

Three pages redacted outside scope of request

Special Assignee Relief Programme (SARP)

Briefing Note

Objective

The aim of SARP relief (introduced in Finance Act 2012) is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in the Irish-based operations of their employer or an associated company, thereby facilitating the creation of jobs and the development and expansion of businesses in Ireland.

Timeframe of relief

The Incentive was open to assignees coming to Ireland during an initial three year period, 2012 to 2014. Following a review carried out in 2014, SARP was extended for a further three years (2015-2017) in Finance Act 2014 and a number of enhancements were made to the scheme. Finance Act 2016 further extended SARP to end 2020. This further extension of the timeframe for availing of SARP is designed to facilitate potential investment in Ireland over the short to medium term and to provide the type of certainty that foreign investors are looking for.

Level of relief

For the tax years 2012, 2013 and 2014, SARP provided for relief from income tax on 30% of salary between €75,000 and €500,000. The upper income threshold of €500,000 was removed from 2015.

There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 per annum and expenses incurred on one trip home per year, where they are paid for by the employer, are not subject to tax.

Minimum income level

To qualify for SARP an individual must earn "relevant income" of not less than €75,000 per annum. This means that his or her basic salary before benefits, bonuses, commissions, share based remuneration, etc. must be not less than €75,000.

SARP Stats 2012-2015

Statistics in relation to SARP for the years 2012 to 2015 are set out in the Appendix. The report for 2016 has been sent to the Department of Finance for the Minister's approval.

Appendix

Table 1: cost of SARP

Tax cost of SARP in respect of 2012	€0.1m
Tax cost of SARP in respect of 2013	€1.9m
Tax cost of SARP in respect of 2014	€5.9m
Tax cost of SARP in respect of 2015	€9.5m

Table 2: salary ranges of employees who availed of SARP

Salary range	€75,000 - €150,000	€150,001 - €225,000	€225,001 - €300,000	€300,001 - €375,000	> €375,000	Total
Number of employees 2012	-	-	-	-	-	11 ¹
Number of employees 2013	35	36	28	12	10	121
Number of employees 2014	88	79	63	29	43	302
Number of employees 2015	224	155	81	34	92	586

¹ In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Table 3: increase in number of employees, as reported by employers, as a result of the operation of the relief

Increase in number of employees in 2012 as a result of SARP	6
Increase in number of employees in 2013 as a result of SARP	49
Increase in number of employees in 2014 as a result of SARP	126
Increase in number of employees in 2015 as a result of SARP	591

Table 4: number of employees retained, as reported by employers, as a result of the operation of the relief

Number of employees retained in 2012 as a result of SARP	6
Number of employees retained in 2013 as a result of SARP	215
Number of employees retained in 2014 as a result of SARP	708
Number of employees retained in 2015 as a result of SARP	603

Table 5: sector of employer whose employees availed of SARP

Industry	IT	Financial Services	Pharma & Medical	Consumer Industrial Products & Services	Other Services	Other	Total
Number of cases in 2012	-	-	-	-	-	-	11 ²
Number of cases in 2013	36	31	17	13	13	11	121
Number of cases in 2014	79	101	35	9	26	52	302
Number of cases in 2015	167	168	50	69	72	60	586

² In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Special Assignee Relief Programme (SARP)

Annual Report 2015 Q&A

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Q1. What is SARP?

The Special Assignee Relief Programme (SARP) was introduced in Finance Act 2012 to reduce the cost to employers of assigning key individuals in their companies from abroad to take up positions in the Irish based operations of the employer so as to drive additional investment in Ireland. For example, individuals can be transferred to head up new divisions of a company or take charge of new product development.

As international competition for FDI continues to intensify, it is imperative that Ireland has a competitive SARP offering so as to attract key executives and decision makers to the State. These decision makers are key drivers in determining whether multinational companies should invest in Ireland and open or extend operations here and help to create jobs and to support exports in the economy.

Similar schemes are in operation in some of the countries that we compete with for foreign direct investment, for example, the Netherlands and Sweden. Such incentives can be a persuasive factor when companies decide where to locate investment projects. In tandem with our corporation tax rate, this relief helps to continue to compete for Foreign Direct Investment.

Q2. How does SARP operate?

For the tax years 2012, 2013 and 2014, SARP provides for relief from income tax on 30% of salary between €75,000 and €500,000. For the tax years 2015 to 2020, the upper limit of €500,000 has been abolished. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country.

The exemption is available for a maximum of 5 years. The assignee must have been employed by the company in a country with which Ireland has a Double Taxation Agreement (DTA) or a Tax Information Exchange Agreement (TIEA) immediately prior to the assignment to Ireland, and must be tax resident in Ireland in order to qualify for SARP.

One trip home per year is allowed tax free. In recognition of differences in curriculums taught and languages spoken by the assignee and/or their children being brought to Ireland, vouched school fees of up to €5,000 per annum per child, where paid for by the employer on behalf of an employee, are allowed free of benefit-in-kind taxation.

Q3. How much has SARP cost?

Tax cost of SARP in respect of 2012	€0.1 million
Tax cost of SARP in respect of 2013	€1.9 million
Tax cost of SARP in respect of 2014	€5.9 million
Tax cost of SARP in respect of 2015	€9.5 million

Q4. Why has the cost increased so much?

A number of amendments were made to SARP in Finance Act 2014 to remove the upper cap on income of €500,000, to reduce the requirement for an individual to have been a full time employee for 12 months prior to his or her arrival in Ireland to 6 months, to relax the requirement regarding tax residence and to remove the restriction on the performance of duties outside the State.

These enhancements made SARP more attractive relief by reducing the cost to employers of assigning key individuals to their Irish based operations. As a consequence, an increased number of key decision makers took up roles in Ireland. In addition, the removal of the upper threshold has provided relief on a greater proportion of an assignee's salary.

However, the intent behind this scheme is to encourage the expansion of business, additional investment and the establishment of new projects with a consequential increase in the numbers employed in the State. The report shows that employers reported that 591 additional jobs were created and 603 jobs retained as a result of SARP.

In addition, it is expected that an increase in the profile of key decision makers located in Ireland will increase Ireland's attractiveness globally as a location for Foreign Direct Investment.

Q5. What is the level of take up of SARP?

Numbers of assignees availing of SARP have increased steadily since the scheme was introduced.

Number of employees	Total
2012	11
2013	121
2014	302
2015	586

Q6. What is the impact of SARP on an individual's effective tax rate of tax?

An individual's effective rate of tax depends on his or her income and personal circumstances. However, taking a single person earning €200,000, his or her effective rate of income tax, including USC will be just under 35% as a result of SARP. Without SARP that individual would be paying just over 42%.

An individual earning €500,000 will, as a result of SARP have an effective rate of income tax, including USC of just over 35%. This compares to a rate of just under 46% if SARP did not apply.

If the individuals are liable to pay PRSI in the State their effective rates rise accordingly.

Q7. How is SARP beneficial to the economy?

This relief has the potential to reduce the costs to employers of assigning key individuals to their Irish based operations, sometimes referred to as equalisation costs.

It aims to ensure that such assignees are not 'out of pocket' as a result of taking up an assignment here. The company, as a result would not have to pay additional remuneration to make up for the employee's reduced net pay.

It is designed to help Ireland compete with other countries for foreign direct investment and as a result lead to additional job creation. It will act as an added incentive in tandem with our competitive corporation tax rate.

Q8. What measures are taken to prevent abuse of the scheme?

An employer must file a Form SARP 1/1A for each employee availing of SARP. The form must be submitted to Revenue within 30 days of the employee's arrival in the State to perform the duties of his or her employment in the State. In addition, the employer must complete and file a SARP Annual Return. The Annual Return must be made on or before 23 February after the end of each tax year.

Each employee availing of SARP is a chargeable person. Therefore, each employee must file an annual Income Tax Return Form 11.

Q9. What are the skills requirements for the scheme?

No specific skills requirements are set out in the legislation underpinning the scheme. However, the minimum salary level of €75,000 anticipates that individuals who avail of SARP will have significant skills.

Restricting the tax relief to individuals who have skills that are identified by the Expert Group on Future Skills Needs as being scarce or not available in Ireland would be difficult to implement. The relevant skills would need to be identified and targeted and would be subject to constant change. There would be endless debate about which skills should be included and whether there is equivalence of qualifications and experience between different jurisdictions.

In addition, such a skills-based approach could prevent access to the incentive for multinationals who might wish to assign, say, a foreign-based project manager, with a proven track record, to manage an Irish based project.

Q10. What other countries operate similar programmes?

Similar incentives are available in other European countries such as the Netherlands, France, Sweden, Luxembourg and Switzerland. This would suggest that such incentives can influence company decisions on locating investment projects.

Q11. Why do Irish people have to pay the full rate of tax when assignees from abroad don't?

This relief is not exclusively for people from outside the State. Any Irish person who has not been tax resident in Ireland in the five years prior to their assignment to the State will also qualify for this relief if they are assigned to work here from a qualifying country by their employer.

This incentive is targeting limited Exchequer resources at key mobile talent, people who can choose where they want to work. Such individuals may, in turn, act as potential "magnets" to attract additional levels of business and investment to Ireland resulting in increased employment at the Irish operations of the company.

It is worth noting that for each single individual earning €500,000 who avails of relief under this programme, approximately €178,000 will be paid to the Exchequer in Income Tax and USC which might not otherwise have been received.

Q12. How can this relief be justified on equity grounds?

In the majority of cases, the State will not have already supported individuals assigned under this scheme in terms of education provision, welfare provision and infrastructure provision. They are also unlikely to avail of State pensions upon retirement. The provision of a limited tax relief for such individuals when viewed against the potential for job creation from this programme is entirely justified in my view.

Q13. Individuals are given relief on "income, profits and gains" – what does this mean?

Employees who qualify for SARP are only entitled to relief from the income, profits and gains arising from their employment. Any other income profits or gains which the individual earns while in the State do not qualify for SARP relief.

The term 'profits or gains' is frequently used in the tax code to describe income from employments, for example in Section 18 and in Section 113. Also, some employees at whom SARP is aimed may receive share based remuneration and the term 'profits or gains' is also used in the tax code to describe income from share based remuneration. For instance a "gain" which accrues to an employee from exercising share options is generally subject to income tax. Such gains fall within SARP

Q14. What is the cost of allowing school fees to be paid tax free to SARP employees?

According to information provided to Revenue by employers in the employer annual return for 2015, employers paid school fees for the children of 48 SARP employees at a cost of €477,229.

Q15. What are the salary ranges of assignees availing of SARP?

Salary range	€75,000 - €150,000	€150,001 - €225,000	€225,001 - €300,000	€300,001 - €375,000	> €375,000	Total
Number of employees 2012	-	-	-	-	-	112
Number of employees 2013	35	36	28	12	10	121
Number of employees 2014	88	79	63	29	43	302
Number of employees 2015	224	155	81	34	92	586

¹In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Q16. How many jobs were retained as a result of SARP?

Number of employees retained in 2012 as a result of SARP	6
Number of employees retained in 2013 as a result of SARP	215
Number of employees retained in 2014 as a result of SARP	708
Number of employees retained in 2015 as a result of SARP	603

Q17. How many jobs were created as a result of SARP?

Increase in number of employees in 2012 as a result of SARP	6
Increase in number of employees in 2013 as a result of SARP	49
Increase in number of employees in 2014 as a result of SARP	126
Increase in number of employees in 2015 as a result of SARP	591

Q18. What sectors are assignees employed in?

Industry	IT	Financial Services	Pharma & Medical	Consumer Industrial Products & Services	Other Services	Other	Total
Number of cases in 2012	-	-	-	-	-	-	11 ²
Number of cases in 2013	36	31	17	13	15	11	121
Number of cases in 2014	79	101	35	9	26	52	302
Number of cases in 2015	167	168	50	69	72	60	586

² In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Cunniffe, Denise

From: Reynolds, Sinéad
Sent: 11 July 2018 15:58
To: Hazel Ryan
Cc: Patrick Brennan
Subject: FW: 2016 SAPR Report
Attachments: SARP Report 2016.docx

Hazel,

As discussed on the phone, I knew your section had been sent a copy of the SARP report. See below email dated 1 June.

I attach the report again for information. I am aware that at this stage it might be difficult to gain Ministerial approval to publish the report, but please be aware that we have had FOI and press requests in the past days asking about the status of the report, which is traditionally published at the latter end of June and it is important that this report is published in a timely manner.

Regards,

Sinéad Reynolds
Revenue Commissioners
[REDACTED]

From: Bourke, Therese
Sent: 01 June 2018 12:28
To: Joe Cullen ([REDACTED])
Cc: Cunniffe, Denise < [REDACTED] >
Subject: 2016 SAPR Report
Patrick Brennan

Joe, Patrick

Further to my call with you Joe I have attached the 2016 SARP Report in draft. If you have any observations on this please let us know.

As you will see from the attached the tax cost for 2016 is €18.1m, representing a 90% (or €8.6m) increase in the cost from 2015. The number of SARP employees for 2016 is 793, up 207 from 2015. When carrying out our review we noted there are a small number of employees availing of the relief with salaries in excess of €1m, [REDACTED]

Please don't hesitate to contact us if you have any queries in relation to the attached or would like to discuss any aspect of the report.

Kind regards

Therese Bourke

Conniffe, Denise

From: Reynolds, Sinéad
Sent: 16 July 2018 20:09
To: 'Patrick Brennan'
Cc: 'Hazel Ryan'
Subject: RE: Submission FIN-00732-18 "Publication of the SARP report"

Patrick,

The submission looks fine to me in that it follows the format used in previous years. The increase in cost is due to increases in numbers (207) but mainly increases in salary, particularly at the higher end. There's not much to be done about that unless the cap is re-introduced. As far as I know this is the second full year in which there was no upper cap on earnings, and probably the first year that people would have [REDACTED] chosen to come to Ireland because of the lack of an earnings cap. When the cap was removed in 2014 it was at the end of the year so people would have most likely already made their decisions on location for 2015.

[REDACTED]

Regards,

Sinéad Reynolds
Revenue Commissioners
[REDACTED]

From: Cloud Notification [REDACTED]
Sent: 12 July 2018 16:37
To: Hazel Ryan [REDACTED] > Reynolds, Sinéad [REDACTED]
Cc: Patrick Brennan [REDACTED]
Subject: Submission FIN-00732-18 "Publication of the SARP report"

This submission has been sent to you by Patrick Brennan.

Comment:

Sinead, would you mind having a look at this? The increase in cost per reported non-sarp job supported and the overall cost the incentive are a bit concerning. Do you have any thoughts?

FIN-00732-18: Publication of the SARP report

Action required

Agreement to publication of the Revenue Commissioners' Special Assignee Relief Programme report for the tax year 2016

Executive summary

The Revenue Commissioners have completed their analysis of the Special Assignee Relief Programme (SARP) for the tax year 2016 and have submitted their report to you. A copy of that report is attached for your consideration.

The report notes that:

- the cost of SARP has risen to €18.1million in 2016 from €9.5 million for 2015,
- 793 employees avail of SARP directly (up from 586 in 2015), and
- employer returns to Revenue indicate that a further 1084 non-SARP jobs are supported by the programme down from 1,194 in 2015 (this represents a cost of some €16,700 per non-SARP job supported in 2016 as opposed to some €8,000 2015).

Previously, copies of the report and covering letters were issued to the opposition Finance spokespersons. Should you wish to continue this practice, draft letters to the opposition Finance spokespersons are attached for your signature. However, you might consider publication on the Department's and the Revenue Commissioners' websites as being sufficient.

Detailed information

1. The Special Assignee Relief Programme (SARP) was introduced in Finance Act 2012. The aim of the programme is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in their Irish based operations.

2. For the tax years 2012, 2013 and 2014, SARP provided relief from income tax on 30% of salary between €75,000 and €500,000. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 and one trip home per year are exempt from tax where they are paid for by the individual's employer.

3. In Finance Act 2014 and Finance Act 2016 changes as follows were made:

- SARP was extended to 2020
- The upper salary threshold was removed;
- The requirement for an individual to have been a full time employee for 12 months prior to his or her arrival in Ireland was reduced to 6 months;
- The requirement regarding tax residence was amended to ensure that individuals who are tax resident in Ireland will qualify;
- The restriction on the performance of duties outside the State was removed; and
- The reporting obligations of employers was strengthened.

4. The report shows that while the initial uptake of the scheme was low, the numbers of claimants continues to increase, with a greater than proportionate increase in cost, as shown in the table below:

Year	Claimants	Cost
2012	11	€0.1 million
2013	121	€1.9 million
2014	302	€5.9 million
2015	586	€9.5 million
2016	793	€18.1 Million

5. It appears from the following data (expressed here in percentage rather than absolute terms) that the proportion of very high earners as a percentage of claimants has increased steadily since 2012. This could account (in part at least) for the very marked cost increase:

Salary range	€75,000 to €150,000	€150,001 to €25,000	€25,001 to €300,000	€300,001 to €375,000	Over €375,000	Total claimants
Number of employees 2012						11
Number of employees 2013	29%	30%	19%	10%	8%	321
Number of employees 2014	29%	26%	21%	10%	14%	302
Number of employees 2015	38%	26%	14%	6%	16%	586
Number of employees 2016	45%	20%	10%	7%	18%	793

5. We also note while employers are reporting fewer non-SARP jobs being supported by the incentive. Employer returns to Revenue indicate that a further 1,084 non-SARP jobs are supported (added or retained) down from 1,194 in 2015. This represents a cost of some €16,700 per non-SARP job supported in 2016 as opposed to some €8,000 2015. These figures, which are self-reported by employers, are not audited by Revenue.

6. The sectors of the economy in which the assignees are located are spread across IT, Financial Services, Pharmaceutical and Medical, Consumer and Industrial and Other services. This shows that the incentive continues to reach a broad range of commercial sectors.

7. Copies of this report were issued to the Opposition Finance spokespersons on the day that the report was published for the last two years. However, you may decide that publishing the report on the Department's website, along with its publication on the Revenue Commissioners website, might be sufficient.

However, should you wish to mirror previous practice, draft letters to the Opposition Finance Spokespersons conveying copies of the report are attached for your signature.

9. Officials are available to discuss.

Cunniffe, Denise

From: Hazel Ryan <[REDACTED]>
Sent: 03 August 2018 15:30
To: Cunniffe, Denise
Subject: RE: 2016 SARP report

Hi Denise,

Could I get the income distribution over €375k, divided up in increments of €100k all the way up to the maximum income, if possible?

Regards,
Hazel

-----Original Message-----

From: Cunniffe, Denise
Sent: 03 August 2018 14:41
To: Hazel Ryan
Subject: Re: 2016 SARP report

Hazel

In relation to the first point what precisely do you require in relation to distribution of their income up to the max? Just want to be clear on what's required.

Denise

[REDACTED]

-----Original message-----

From: Hazel Ryan
Date: 03/08/2018 1:39 PM (GMT+00:00)
To: "Cunniffe, Denise"
Cc: Patrick Brennan
Subject: 2016 SARP report

Hi Denise,

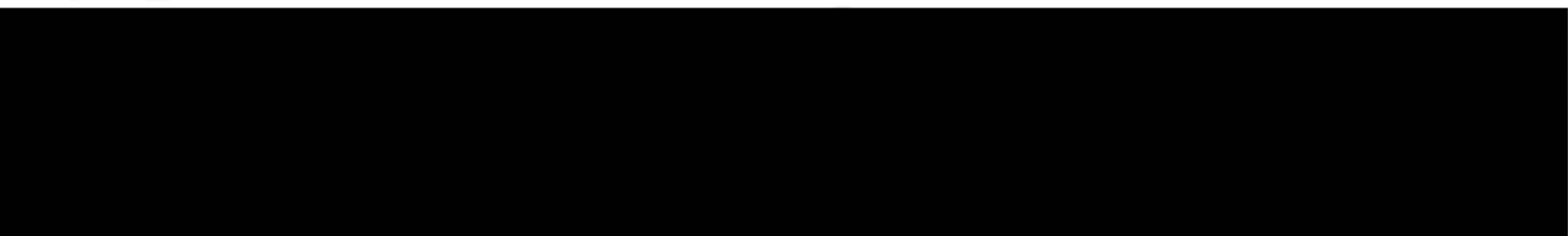
As per our conversation earlier, we are finalising a submission for the Minister on the 2016 SARP report and were hoping to get a further breakdown of the data included in the report as follows:

1. Of the cohort of individuals who earn >€375,000, can we get a further breakdown of the distribution of their earnings up to the maximum amount earned.
2. Of that same cohort, can you provide us with a breakdown of the sectors of the economy in which they are engaged.

If possible could we have this data for both 2015 and 2016?

We will be using this information to provide an analysis for the Minister on the increasing cost of this incentive.

Many thanks,
Hazel



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Tá an fhaishnéis atá sa ríomhphost seo (agus in aon cheangaltáin) faoi rún agus is don fhaighteoir/do na fhaighteoiri beartaithe é agus é/ead sin amháin. Mura tusa an fhaighteoir beartaithe, níor cheart duíl an teachtaireacht seo ná aon chuid di a úsáid, a nochtaidh, a chóipeáil, a dháileadh ná a choinneáil. Sa chás gur trí earráid a fuair tú an ríomhphost seo, tabhair fógra dom láithreach faoi sin agus serios gach cóip den ríomhphost seo ó do ríomhchóra(i)s. Tabhair faoi deara go bhfeadfaidh an ríomhphost seo agus aon fliúeagra air bheith faoi réir iarráidh ar a eisliúint de bhun an Achta um Shaoráil Faisnéise.

Cunniffe, Denise

From: Troy, Julia
 Sent: 21 August 2018 15:47
 To: 'Hazel.Ryan' [REDACTED]
 Cunniffe, Denise; Bourke, Therese; 'Patrick.Brennan' [REDACTED]
 Subject: FW: 2016 SARP report

Tracking:

Recipient

Delivery

Cunniffe, Denise

Delivered: 21/08/2018 15:47

Bourke, Therese

Delivered: 21/08/2018 15:47

Hazel,

In response to your SARP data request e-mail this morning, please find below a breakdown of the tax relief and the average tax relief of SARP for years 2015 and 2016 in respect of employees with salaries over €500,000.

The relief is derived from the calculation of an individuals specified amount and the entitlement to income tax relief based on the information supplied in the employer annual SARP return.

Tax relief of SARP in respect of salaries over €500,000			
Year	Relief	Average Relief	# of employees
2015	4,328,089	86,562	50
2016	8,168,309	118,381	89

Can you advise on a timeline for the production of the final report or provide feedback on its current status as given timelines we may need to provide a revised report in light of your additional data requests?

If you need any further clarification or additional information please do not hesitate to contact me,

Regards,

Julia Troy

From: Hazel Ryan [REDACTED]
 Sent: 20 August 2018 17:21
 To: Troy, Julia [REDACTED]
 Cc: Cunniffe, Denise [REDACTED]; Patrick Brennan [REDACTED]
 Subject: RE: 2016 SARP report

Hi Julie,

Thanks again for your help with this.

We have one other data request. Would it be possible to get the total amount of relief under SARP availed of by all those who earn >€500,000, separately for both 2015 and 2016?

Also is it possible to get the average amount of relief availed of by those individuals who earn >€500k in both 2015 and 2016?

Kind regards,
 Hazel

Report of the Office of the Revenue Commissioners

Additional analysis of Special Assignee Relief Programme years 2015 and 2016

Table 1: Analysis of number of employees with a salary over €375,000

Salary	€375,000 to €475,000	€475,000 to €575,000	€575,000 to €675,000	€675,000 to €775,000	€775,000 to €875,000	€875,000 to €975,000	€975,000 to €1,075,000	€1,075,000 to €3,075,000	€3,075,000 to €9,010,000	Total
# of EE's 2015	33	21	11	10	7	10	12	11	12	92
# of EE's 2016	59	27	9	11	7	11	11	11	11	139

Table 2(a): Year 2015 - Sector of economy in which employees with a salary over €375,000 are engaged

Industry	IT	Financial Services	Pharma & Medical	Consumer Industrial Products & Services	Other Services	Other	Total
€375,000 to €475,000	8	34	11	16	13	9	92
€475,000 to €575,000							
€575,000 to €675,000							
€675,000 to €775,000							
€775,000 to €875,000							
€875,000 to €975,000							
€975,000 to €1,075,000							
€1,075,000 to €3,075,000							
Total	8	34	11	16	13	9	92

Report of the Office of the Revenue Commissioners

Additional analysis of Special Assignee Relief Programme years 2015 and 2016

Table 2(b): Year 2016 - Sector of economy in which employees with a salary over €375,000 are engaged

Industry	IT	Financial Services	Pharma & Medical	Consumer Industrial Products & Services	Other Services	Other	Total
€375,000 to €475,000							
€475,000 to €575,000							
€575,000 to €675,000							
€675,000 to €775,000							
€775,000 to €875,000							
€875,000 to €975,000							
€975,000 to €1,075,000							
€1,075,000 to €3,075,000							
€3,075,000 to €9,010,000							
Total	22	40	27	19	29	2	139

7
Cunniffe, Denise

From: Pye, Stephen [REDACTED]
Sent: 03 October 2018 16:48
To: Cunniffe, Denise
Cc: Bourke, Therese
Subject: RE: Update from Department of Finance on s 825C Special Assignee Relief Programme (SARP)

Thanks Denise

regards,

Stephen.

From: Cunniffe, Denise [REDACTED]
Sent: 03 October 2018 15:02
To: Pye, Stephen [REDACTED]
Cc: Bourke, Therese [REDACTED]
Subject: Update from Department of Finance on s 825C Special Assignee Relief Programme (SARP)
Importance: High

Stephen,

Revenue have just been informed from the Department of Finance this afternoon, that a change is likely to be made in relation to Section 825C TCA, SARP. The full information with regard to the change is not available to us at present but it is likely that a cap on the amount of earnings eligible for the relief may be re-introduced.

As soon as we have further information we will let you know.

Regards,

Denise Cunniffe
Personal Taxes Policy and Legislation
[REDACTED]

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Please note that Revenue cannot guarantee that any personal and sensitive data, sent in plain text via standard email, is fully secure. Customers who choose to use this channel are deemed to have accepted any risk involved. The alternative communication methods offered by Revenue include standard post and the option to use our (encrypted) MyInquiries service which is available within myAccount and ROS. You can register for either myAccount or ROS on the Revenue website.

Tabhair faoi deara nach féidir leis na Coimisiúní Ioncaim rathaocht a thabhairt go bhfuil aon sonraithearsa agus iogair a gcuirtear isteach i ngomáth-théacs trí r-phost caighdeánach go huile is go hiomlán slán. Meastar go nglacann custaiméireí a Gáideáin an t-cainéál seo le haon ríosca bainteach. I measc na modhanna cumarsáide eile

8
Bourke, Therese

From: Bourke, Therese
Sent: 05 October 2018 11:49
To: Joe Cullen ([REDACTED])
CC: Reynolds, Sinead; Patrick Brennan ([REDACTED]); Mairead Ross
Subject: Cunniffe, Denise
Finance Bill Matters

Tracking:	Recipient	Delivery	Read
	Joe Cullen [REDACTED]		
	Reynolds, Sinead [REDACTED]	Delivered: 05/10/2018 11:49	
	Patrick Brennan [REDACTED]		
	Mairead Ross [REDACTED]		
	Cunniffe, Denise [REDACTED]	Delivered: 05/10/2018 11:49	Read: 05/10/2018 11:57

Joe

Just following up with you on a couple of matters.

1.5ARP

Following our call on Wednesday we advised DPC that there may be a change to s825C. Do you have any update on this matter?

If the cap, which applied for the years 2012 to 2014 (see section 825C(2B)(b)(i)) is to be reinstated, but the quantum isn't decided yet we can prepare draft legislation on this basis (leaving the quantum blank) and send it to the DPC. If the measure is reinstated I assume the cap would apply for the year of assessment 2019 (not partially to 2018) but you might confirm same.

[REDACTED]

[REDACTED]

Kind regards

Therese Bourke

Revenue Commissioners

[REDACTED]

Bourke, Therese

From: Bourke, Therese
Sent: 18 October 2018 17:10
To: Domoney, Finbarr
Cc: Omella, Clare; Brennan, Philip; Brennan, Teresa
Subject: FW: Request for Briefing material for PAC
Attachments: [REDACTED]

Finbarr

Please find attached briefing material in relation to the following:

- SARP (note the 2016 report is due to be published soon, the tax cost for 2016 was €18.1m up from €9.5m in 2015 - representing a 90% increase in the cost, [REDACTED]
- [REDACTED]
- [REDACTED]

If you require anything further please let me know.

Kind regards

therese

Three pages redacted outside scope of request

Special Assignee Relief Programme (SARP)

Briefing Note – October 2016

Overview

The SARP provides Income Tax relief for certain people who are assigned to work in Ireland from abroad. It encourages the relocation/assignment of skilled individuals working abroad to take up positions in the Irish-based operations of their employer or an associated company, thereby facilitating the creation of jobs and the development and expansion of businesses in Ireland.

Timeline of relief

The Incentive was introduced by Finance Act 2012 and was available to assignees coming to Ireland during an initial three-year period (2012 to 2014). Following a review carried out in 2014, the relief was extended for another three years (2015-2017) and further extended to 2020 by Finance Act 2016.

Minimum income level

To qualify for SARP an individual must have "relevant income" of not less than €75,000 per annum. This means that his or her basic salary before benefits, bonuses, commissions, share based remuneration, etc. must be not less than €75,000.

Level of relief

For the tax years 2012, 2013 and 2014, SARP provided for relief from Income tax on 30% of salary between €75,000 and €500,000. The upper income cap of €500,000 was removed in respect of the tax year 2015 and subsequent years.

There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 per annum and expenses incurred on one trip home per year, where they are paid for by the employer, are not subject to tax.

SARP Stats 2012-2016

Statistics in relation to SARP for the years 2012 to 2016 are set out in Appendix 1. The SARP report for 2016 is with the Department of Finance for the Minister's approval. As the 2016 statistics are subject to approval they been redacted.

The annual cost of SARP increased from €9.5m to €18.1m for 2016 (representing a 90% increase in the cost).

When preparing the 2016 report we noted a small number of employees entitled to the relief in respect of salaries over €1m. This was brought to the attention of the Department of Finance.

As set out in Table 2, for 2016 there were 14 employees entitled to relief in respect of salaries between €1m to €3m and 4 employees in relation to the salary range €3m to €10m.

Note - Table 2 is also redacted as the breakdown of the figures into the 4 new upper salary ranges was not included in the reports prior to 2016, previously the upper range incorporated all salaries over €375,000.

Finance Bill 2018 Amendment

It is expected that the 2016 report will be published prior to committee stage (7-9 Nov) and our colleagues in the Department of Finance have advised that it is likely that a salary cap will be imposed for 2019 and 2020, by way of a committee stage amendment (the quantum is likely to exceed the previous threshold of €500k and may be in the region of €1m).

Appendix 1

Table 1: Cost of SARP

Tax cost of SARP per year				
2012	2013	2014	2015	2016
€0.1 million	€1.9 million	€5.9 million	€9.5 million	€18.1 million ¹

Table 2: Number of employees of employers who availed of SARP

Salary Range	Number of employees per year				
	2012	2013	2014 (€500k cap applied)	2015	2016
€75,000 to €150,000	-	35	88	224	359
€150,001 to €225,000	-	36	79	155	160
€225,001 to €300,000	-	28	63	81	79
€300,001 to €375,000	-	12	29	34	56
€375,001 to €675,000	-	10	33	62	95
€675,001 to €1,000,000	-	-	8	22	26
€1,000,001 to €3,000,000	-	-	2	8	14
€3,000,001 to €10,000,000	-	-	-	-	4
Total	11 ²	121	302	586	793

Table 3: Increase in number of employees, all reported by employers, as a result of the operation of SARP

Increase in number of employees per year				
2012	2013	2014	2015	2016
6	49	126	591	477

¹ The cost is calculated based on employer returns submitted to Revenue and therefore represents the maximum cost of all reported individuals to whom the relief is available.

² In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Table 4: Number of employees retained, as reported by employer, as a result of the implementation of SARP

<i>Number of employees retained per year</i>				
<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
6	215	708	603	807

Table 5: Sector of employer who make a SARP returns

<i>Sector</i>	<i>Number of employees per year</i>				
	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
IT	-	36	79	167	224
Financial Services	-	31	101	168	179
Pharma & Medical	-	17	35	50	130
Consumer Industrial Products & Services	-	13	9	69	104
Other Services	-	13	26	72	130
Other	-	11	52	60	26
Total	11³	121	302	586	789

³ In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

Bourke, Therese

From: Bourke, Therese
Sent: 23 October 2018 10:52
To: Joe Cullen [REDACTED]
Cc: Patrick Brennan ([REDACTED]), 'Hazel Ryan'; Cunniffe, Denise
Subject: SARP - Committee Stage Amendment

Joe

Just touching base to see if there is a decision yet in relation to the imposition of a salary cap for SARP for 2019 onwards and if so the quantum of the cap to be applied.

Kind regards

Therese Bourke

Revenue Commissioners
[REDACTED]

Cunniffe, Denise

11

From: Bourke, Therese
Sent: 25 October 2018 17:22
To: Patrick Brennan [REDACTED] Joe Cullen
Cc:
Subject: FW: Submission FIN-01056-18 "FB19#63 Special Assignee Reli..."

Tracking:

Recipient	Delivery	Read
Patrick Brennan [REDACTED]		
Joe Cullen [REDACTED]		
Cunniffe, Denise	Delivered: 25/10/2018 17:22	Read: 25/10/2018 17:22
Brennan, Philip	Delivered: 25/10/2018 17:22	

Patrick, Joe

Further to our discussion Joe and having reviewed the below submission, we have set out the concerns we have with regard to the operability of the proposal.

The proposal of introducing a salary cap for "new claimants" only, which will come in effect by way of commencement order some time in 2019 gives rise to a myriad of difficulties, which will significantly impact on the operability of the scheme for both employers and for Revenue.

1. As income tax is chargeable by reference to a year of assessment, if the salary cap is to be introduced part way through 2019, is the policy intent to time apportion this cap by reference to the date of commencement of the cap for 2019 i.e. if a cap of €1m is introduced but only comes into operation from 1 April 2019 should the cap be pro-rated for 2019?
2. Where the previous €500,000 cap applied it was pro-rated to take account of the date of arrival and departure of the employee (see subsection (5) removed by FA2015), Is it the intention to time apportion the new cap in a similar way to that previously existed?
3. If the answer to the 1&2 is yes, for 2019 the salary cap will require two pro-rated adjustments, which adds significant complexity to the system. An important point to note in relation to the apportionment at 2 is that numerator will be different for each employee and will be determined in accordance with the date of arrival/departure and the denominator for 2019 will be by reference to the period for which the cap applied (not the entire 12 months) but for 2020 the denominator will be 12. As there is already a pro-rated cap applied in respect of the €75,000 limit i.e. "b" in the formula as per s825C(2B) TCA 1997, this adds significant complexity to the system especially as it will only apply to "new entrants", so employers will have to manage dual rules applying for the same relief. This increases the margin for error in tax calculations, especially where employers calculate the tax and give real time relief via the payroll.
4. If the cap is introduced mid-year we could also end up with arguments concerning when the employee actually arrived in the State to try to get the employee in to the country 'pre-cap'. This issue has already been raised with regard to advance visits (e.g. to check out the job, look at schools, rent accommodation etc.) in connection with the 30 day rule concerning notification by the employer of the arrival of an employee in the State.

5. It could be argued that by deferring the introduction of the salary cap to an unspecified time in the future would create significant uncertainty for employers, in particular where the employer operates a tax equalisation policy.

6. [REDACTED]

7. Based on a high level initial review of 2017 data,

[REDACTED] Thus, there would only be a very small number of employees caught if the €1m salary cap were to be applied to all 2019 claimants not just new entrants.

8. Obviously it is a policy decision, but you will appreciate that a far simpler approach, having regard to the operability of the scheme and the potential arguments regarding equity of treatment for all taxpayers availing of the same relief, would be to consider (a) introducing the cap at the start of the 2019 tax year (b) apply the cap to all employees claiming SARP for 2019 and 2020.

9. I have a concern regarding taxpayer confidentiality with the reference highlighted below in yellow in the submission – i.e. reference to the largest claimant, vis a vis s851A TCA 1997.

Kind regards

Therese

From: eSubmissions (Finance) [mailto:noreply@cloud.gov.ie]
Sent: 25 October 2018 12:43
To: Bourke, Therese <Therese.Bourke@fca.ie>
Cc: Patrick Brennan <Patrick.Brennan@fca.ie>
Subject: Submission FIN 01066-18 "FB19#63 Special Assignee Reli.,"

This submission has been sent to you by Patrick Brennan.

Comment:

Therese, SARP submission attached. Rgds Patrick

FIN 01066-18: FB19#63 Special Assignee Relief Programme Committee Amendment and Publication of Report

Action required

Your approval is sought, please, to amend the Special Assignee Relief Programme in FB committee stage to re-impose a monetary cap (at €1 million income); and to publish the Revenue report on the relief for the tax year 2016.

Executive summary

Each year, Revenue prepare an analysis of the Special Assignee Relief Programme (SARP). It is normal practice for such reports to be published (on our website) with copies circulated to opposition Finance spokespersons. As per past practice, draft letters to the Opposition Finance Spokespersons conveying copies of the report are attached for your signature please.

This year we also suggest that you consider introducing a measure in the Finance Bill to restrict the application of the relief pending a full review next year.

The analysis for the tax year 2016 has been completed and Revenue's report is attached for your consideration.

The report notes that the cost of SARP has risen very significantly to €18.1 million in 2016 from €9.5 million in 2015. This is due in large part to the removal of the cap of €500,000 in eligible income from 2015. The increase was not anticipated when the cap was removed in 2015 and the amounts of relief being claimed at very high income levels raise equity issues, albeit that these must be balanced against the potential benefits of the incentive and the fact that the relevant individuals pay substantial amounts of tax.

Recommendation: We recommend that you consider introducing a committee stage amendment to the Finance Bill to reapply the cap for all new entrants to the scheme from the earliest practicable date in 2019 at a level of €1 million. This is likely to impact on a relatively small number of individuals.

Detailed information

Background

1. The Special Assignee Relief Programme (SARP) was introduced in Finance Act 2012. The aim of the programme is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in their Irish based operations, thereby facilitating the creation of jobs and the development/expansion of business.
2. For the tax years 2012, 2013 and 2014, SARP provided relief from income tax on 30% of salary between €75,000 and €500,000. In 2015, the upper salary threshold of €500,000 per annum was removed to encourage senior decision makers to come to Ireland. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 and one trip home per year are exempt from tax where they are paid for by the individual's employer.
3. In Finance Act 2014, following a review of the incentive, the following changes were made:

- The upper income cap on eligibility was removed;
- The requirement for an individual to have been a full time employee for 12 months prior to his or her arrival in Ireland was reduced to 6 months;
- The requirement regarding tax residence was amended to ensure that individuals who are tax resident in Ireland will qualify;
- The restriction on the performance of duties outside the State was removed; and
- The reporting obligations of employers was strengthened.

In Finance Act 2016, the relief was extended to end-2020 in order to provide certainty for potential investors in Ireland following on from the UK vote to leave the European Union. This followed a representations from the then Minister for Jobs, Enterprise and Innovation.

SARP Statistics

4. The 2016 report shows that while the initial uptake of the scheme was low, the numbers of claimants continues to increase, with a greater than proportionate increase in cost, as shown in the table below:

Year	Claimants	Cost
2012	11	€0.1 million
2013	121	€1.9 million
2014	302	€5.9 million
2015	586	€9.5 million
2016	793	€18.1 Million

5. It appears from the following table that the number of very high earners (earning annual income over €675,000) has increased significantly in the period 2014-2016 by 340%. While the numbers are still relatively modest (from 10 in 2014 to 44 in 2016), there is likely to have been growth on at least a similar scale since 2016. Also, in terms of those earning annual amounts of €1 million or over, the percentage increase has been of the order of 800% (from 2 in 2014 to 18 in 2016). Using a more modest starting point of €375,000, the number of those availing of the relief at or above this level has increased by almost 29% in 2016 as compared with 2014.

	2012	2013	2014	2015	2016
€75,000 to €150,000		35	88	224	359
€150,001 to €225,000		36	79	155	160
€225,001 to €300,000		28	63	81	79
€300,001 to €375,000		12	29	34	56
€375,001 to €675,000		10	33	62	95
€675,001 to €1,000,000			8	22	26
€1,000,001 to €3,000,000			2	5	14
€3,000,001 to €10,000,000				-	4
	121	302	586	793	

6. As mentioned previously, from 1 Jan 2015 the upper salary cap of €500,000 was removed. As such, individuals can claim the relief on 30% of all salary over €75,000.

The increase in the cost of the incentive can be attributed to increased uptake, increasing salary levels amongst the claimants and the removal of the upper salary threshold on which income can be relieved.

7. We also note that employers are reporting fewer non-SARP jobs being supported by the incentive. Employer returns to Revenue indicate that a further 1084 non-SARP jobs are supported (added or retained) down from 1,194 in 2015. This represents a cost of some €16,700 per non-SARP job supported in 2016 as opposed to some €8,000 2015. These figures, which are self-reported by employers, are not audited by Revenue.

8. The sectors of the economy in which the assignees are located are spread across IT, Financial Services, Pharmaceutical and Medical, Consumer and Industrial and Other services. This shows that the incentive continues to reach a broad range of commercial sectors.

9. The Department of Business, Enterprise and Innovation (D/BEI) advises that it believes the increasing cost is attributable to the recent trend of large increases in intellectual property being re-located to Ireland, with key managerial personnel being assigned to work in the related corporate functions. On the basis of the income tax relief being granted, that Department estimates that individuals availing of SARP are still net contributors to the Exchequer of a minimum of €42 million in income tax alone (i.e. total income tax remitted is at least €60 million gross). D/BEI suggests that, given the mobility of the employees who claim SARP, in the absence of the SARP Incentive, it is possible that much of this figure would be paid elsewhere. In addition, of course, USC and PRSI is also remitted on gross salary amounts.

10. SARP is subject to a sunset clause (due to expire at end-2020). Under our tax expenditure guidelines, reliefs in the cost bracket €10m-€50m should be reviewed every 5 years (for those over €50m, the review cycle is every 3 years). As the scheme was last examined in detail as part of Finance Bill 2014, this would suggest that the next review should take place in 2019 in the normal course of events.

11. The cost of the scheme has almost doubled in the space of a year and the number of very high earners with income in excess of €1 million has increased by 75%. At the same time, as highlighted by D/BEI, those availing of SARP are net income tax contributors to the Exchequer of at least €42 million in income tax (plus a significant amount in USC and PRSI also).

Proposal to Re-apply the cap at €1m

14. In light of the following factors in particular, it is suggested that consideration be given to the re-imposition of a cap on the amount of annual income that may benefit from the scheme:

- significant unanticipated costs arising essentially from the removal of the cap in 2015,
- equity issues arising from the fact that individuals are availing of very significant amounts of tax relief under the scheme, and
- the possibility that advanced tax planning may be taking place having regard to the scale of some incomes benefitting from the scheme.

15. It is further suggested that the cap might be set at a figure of €1 million. Having regard to the fact that companies may already have plans at an advance stage to relocate individuals under the scheme over the coming months into early 2019, consideration might be given to an approach which would see a commencement date in 2019 but later than 1 January 2019 (some consultation on the appropriate date might be desirable). In addition, having regard to the fact that individuals/companies would have made decisions based on the existing parameters of the scheme, it is suggested that the reintroduced cap should only apply to new entrants from the commencement date. Existing beneficiaries will wash out of the system over the next five years or so.

16. While it is important that we be seen to proceed in a measured and considered way in relation to SARP, the substantial cost increase over what was predicted in 2015 appears to warrant a quick response. Currently, the scheme is due to expire at the end of 2020. As indicated above, a review of the scheme is due next year in any event. The full operation of the scheme, including its effectiveness in creating employment and assisting business expansion, the calibration of the cap and the question of any extension of the scheme beyond 2020 can be examined as part of that exercise.

Publication of the Report

17. Copies of this report were issued to the opposition Finance spokespersons on the day that the report was published for the last two years and a similar approach is recommended this year. In addition, it is suggested that the existing practice of publishing the report on both the Department's and on Revenue's website be followed. Draft letters to the Opposition Finance Spokespersons conveying copies of the report are attached for your signature. There is merit in publication taking place (perhaps accompanied by a Press Release on the proposed Finance Bill measure) in October having regard to the August date on the Revenue report.

18. Officials are available to discuss

October 2018

Mr. Pearse Doherty T.D.
Dáil Éireann
Leinster House
Kildare Street
Dublin 2

Dear Pearse,

I enclose, for your information, a copy of a report on the operation of the Special Assignee Relief Programme for the tax year 2016.

Yours sincerely,

Paschal Donohoe T.D.
Minister for Finance and Public Expenditure and Reform

October 2018

Ms. Joan Burton T.D.
Dáil Éireann
Leinster House
Kildare Street
Dublin 2

Dear Joan,

I enclose, for your information, a copy of a report on the operation of the Special Assignee Relief Programme for the tax year 2016.

Yours sincerely,

Paschal Donohoe T.D.
Minister for Finance and Public Expenditure and Reform

October 2018

Mr. Michael McGrath T.D.,
Dáil Éireann
Leinster House
Kildare Street
Dublin 2

Dear Michael,

I enclose, for your information, a copy of a report on the operation of the Special Assignee Relief Programme for the tax year 2016.

Yours sincerely,

Paschal Donohoe T.D.,
Minister for Finance and Public Expenditure and Reform

October 2018

Mr. Richard Boyd-Barrett T.D.,
Dáil Éireann,
Leinster House,
Kildare Street,
Dublin 2.

Dear Richard,

I enclose, for your information, a copy of a report on the operation of the Special Assignee Relief Programme for the tax year 2016.

Yours sincerely,

Paschal Donohoe T.D.
Minister for Finance and Public Expenditure and Reform.

Cunniffe, Denise

From: Bourke, Therese
Sent: 26 October 2018 14:04
To: Patrick Brennan; Joe Cullen
Cc: Brennan, Philip; Cunniffe, Denise; [REDACTED]
Subject: RE: Submission FIN 01066-18 "FB19#63 Special Assignee Reli...
Attachments: 2017 Data.odt

Tracking:

Recipient	Delivery	Read
Patrick Brennan		
Joe Cullen [REDACTED]		
Brennan, Philip	Delivered: 26/10/2018 14:04	Read: 26/10/2018 14:40
Cunniffe, Denise	Delivered: 26/10/2018 14:04	Read: 26/10/2018 16:05
John Hogan [REDACTED]		

Patrick, Joe

The attached [REDACTED] which may assist with the policy decision process. Please note this information was extracted from information submitted to Revenue by employers, as such it is subject to further review and verification.

Please treat this as strictly confidential, this taxpayer information is shared in accordance with s851A(8)(g) TCA 1997.

Kind regards

Therese

From: eSubmissions (Finance) [/mailto:noreply@cloud.gov.ie]
Sent: 26 October 2018 13:12
To: Bourke, Therese [REDACTED]
Cc: Patrick Brennan <[REDACTED]>
Subject: Submission FIN 01066-18 "FB19#63 Special Assignee Reli..."

This submission has been sent to you by Patrick Brennan.

Comment:

Therese, revised submission on SARP attached. Regds Patrick 6045568

FIN 01066-18: FB19#63 Special Assignee Relief Programme Committee Amendment and Publication of Report

Action required

Your approval is sought, please, to amend the Special Assignee Relief Programme in FB committee stage to re-impose a monetary cap (at €1 million income); and to publish the Revenue report on the relief for the tax year 2016.

Executive summary

Each year, Revenue prepare an analysis of the Special Assignee Relief Programme (SARP). It is normal practice for such reports to be published (website) with copies circulated to opposition Finance spokespersons. As in the past, draft letters to the Opposition Finance Spokespersons with copies of the report are attached for your signature, please.

This year we also suggest that you consider restricting the application of the relief pending a full review next year.

The analysis for the tax year 2016 has been completed and Revenue's report is attached for your consideration.

The report notes that the cost of SARP has risen very significantly to €18.1 million in 2016 from €9.5 million in 2015. This is due in large part to the removal of the cap of €500,000 in eligible income from 2015. The increase was not anticipated when the cap was removed in 2015 and the amounts of relief being claimed at very high income levels raise equity issues, albeit that these must be balanced against the potential benefits of the incentive and the fact that the relevant individuals pay substantial amounts of tax.

Recommendation: We recommend that you consider introducing a Committee Stage amendment to the Finance Bill to reapply the cap at the level of €1 million. There are options in this regard but commencement dates of 1/1/19 for new entrants and 1/1/20 for existing beneficiaries may be the best approach. This is likely to impact on a relatively small number of individuals.

Detailed Information

Background

1. The Special Assignee Relief Programme (SARP) was introduced in Finance Act 2012. The aim of the programme is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in their Irish based operations, thereby facilitating the creation of jobs and the development/expansion of business.

2. For the tax years 2012, 2013 and 2014, SARP provided relief from income tax on 30% of salary between €75,000 and €500,000. In 2015, the upper salary threshold of €500,000 per annum was removed to encourage senior decision makers to come to Ireland. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 and one trip home per year are exempt from tax where they are paid for by the individual's employer.

3. In Finance Act 2014, following a review of the incentive, the following changes were made:

- The upper income cap on eligibility was removed;
- The requirement for an individual to have been a full time employee for 12 months prior to his or her arrival in Ireland was reduced to 6 months;
- The requirement regarding tax residence was amended to ensure that individuals who are tax resident in Ireland will qualify;
- The restriction on the performance of duties outside the State was removed; and
- The reporting obligations of employers was strengthened.

In Finance Act 2016, the relief was extended to end-2020 in order to provide certainty for potential investors in Ireland following out from the UK vote to leave the European Union. This followed a representations from the then Minister for Jobs, Enterprise and Innovation.

SARF Statistics

4. The 2016 report shows that while the initial uptake of the scheme was low, the numbers of claimants continues to increase, with a greater than proportionate increase in cost, as shown in the table below;

Year	Claimants	Cost
2012	11	€0.1 million
2013	121	€1.9 million
2014	302	€5.9 million
2015	586	€9.5 million
2016	793	€18.1 Million

5. It appears from the following table that the number of very high earners (earning annual income over €675,000) has increased significantly in the period 2014-2016 by 340%. While the numbers are still relatively modest (from 10 in 2014 to 44 in 2016), there is likely to have been growth on at least a similar scale since 2016. Also, in terms of those earning annual amounts of €1 million or over, the percentage increase has been of the order of 800% (from 2 in 2014 to 18 in 2016). Using a more modest starting point of €375,000, the number of those availing of the relief at or above this level has increased by almost 29% in 2016 as compared with 2014.

	2012	2013	2014	2015	2016
€75,000 to €150,000	-	35	88	224	359
€150,001 to €225,000		36	79	155	160
€225,001 to €300,000		28	63	81	79
€300,001 to €375,000		12	29	34	56
€375,001 to €675,000		10	33	62	95
€675,001 to €1,000,000			8	22	26
€1,000,001 to €3,000,000			2	8	14
€3,000,001 to €10,000,000					4
	121	302	586	793	

6. As mentioned previously, from 1 Jan 2015 the upper salary cap of €500,000 was removed. As such, individuals can claim the relief on 30% of all salary over €75,000.

The increase in the cost of the incentive can be attributed to increased uptake, increasing salary levels amongst the claimants and the removal of the upper salary threshold on which income can be relieved.

7. We also note that employers are reporting fewer non-SARP jobs being supported by the incentive. Employer returns to Revenue indicate that a further 1084 non-SARP jobs are supported (added or retained) down from 1,194 in 2015. This represents a cost of some €16,700 per non-SARP job supported in 2016 as opposed to some €8,000 2015. These figures, which are self-reported by employers, are not audited by Revenue.

8. The sectors of the economy in which the assignees are located are spread across IT, Financial Services, Pharmaceutical and Medical, Consumer and Industrial and Other services. This shows that the incentive continues to reach a broad range of commercial sectors.

9. The Department of Business, Enterprise and Innovation (D/BEI) advises that it believes the increasing cost is attributable to the recent trend of large increases in intellectual property being relocated to Ireland, with key managerial personnel being assigned to work in the related corporate functions. On the basis of the income tax relief being granted, that Department estimates that individuals availing of SARP are still net contributors to the Exchequer of a minimum of €42 million in income tax alone (i.e. total income tax remitted is at least €60 million gross). D/BEI suggests that, given the mobility of the employees who claim SARP, in the absence of the SARP incentive, it is possible that much of this figure would be paid elsewhere. In addition, of course, USC and PRSI is also remitted on gross salary amounts.

10. SARP is subject to a sunset clause (due to expire at end-2020). Under our tax expenditure guidelines, reliefs in the cost bracket €10m-€50m should be reviewed every 5 years (for those over €50m, the review cycle is every 3 years). As the scheme was last examined in detail as part of Finance Bill 2014, this would suggest that the next review should take place in 2019 in the normal course of events.

11. The cost of the scheme has almost doubled in the space of a year and the number of very high earners with income in excess of €1 million has increased by 75%. At the same time, as highlighted by D/BEI, those availing of SARP are net income tax contributors to the Exchequer of at least €42 million in income tax (plus a significant amount in USC and PRSI also).

Proposal to Re-apply the cap at €1m

14. In light of the following factors in particular, it is suggested that consideration be given to the re-imposition of a cap on the amount of annual income that may benefit from the scheme:

- significant unanticipated costs arising essentially from the removal of the cap in 2015,
- equity issues arising from the fact that individuals are availing of very significant amounts of tax relief under the scheme, and

the possibility that advanced tax planning may be taking place having regard to the scale of some incomes benefitting from the scheme.

15. It is further suggested that the cap might be set at a figure of €1 million. There are options around the commencement date for the introduction of the cap. One approach is to introduce it from 1 January 2019. Another would be to give a little bit more notice, having regard to the fact that companies may already have plans at an advanced stage to relocate individuals under the scheme over the coming months into early 2019. Under this option a commencement date of 1 March might be considered. This would give those potentially affected a period of advance notice of about 4 months. A commencement date of other than 1 January 2019 is technically feasible. However, Revenue have advised that, while feasible, it would give rise to substantial technical/operational challenges both for them and for payroll providers.

In relation to those already availing of SAPR, it is suggested that the reintroduced cap should apply from 1 January 2020. The alternative of taking no action in relation to very high earners who would continue to avail of very large amounts of tax relief is not consistent with the policy aim of reintroducing a cap - if it is to apply, it should ideally apply to all who are in the relevant income bracket.

16. We are mindful of the importance of being seen to proceed in a measured and considered way in relation to SAPR. However, the substantial cost increase over what was predicted in 2015 appears to warrant a quick response. Currently, the scheme is due to expire at the end of 2020. As indicated above, a review of the scheme is due next year in any event. The full operation of the scheme, including its effectiveness in creating employment and assisting business expansion, the calibration of the cap and its application to various cohorts of beneficiaries and the question of any extension of the scheme beyond 2020 can be examined as part of that exercise.

Publication of the Report

17. Copies of this report were issued to the opposition Finance spokespersons on the day that the report was published for the last two years and a similar approach is recommended this year. In addition, it is suggested that the existing practice of publishing the report on both the Department's and on Revenue's website be followed. Draft letters to the Opposition Finance Spokespersons conveying copies of the report are attached for your signature. There is merit in publication taking place (perhaps accompanied by a Press Release on the proposed Finance Bill measure) in October having regard to the August date on the Revenue report.

18. Officials are available to discuss.

One page redacted under Section 37 (a)

Cunniffe, Denise

From: Bourke, Therese
Sent: 02 November 2018 15:22
To: Patrick Brennan [REDACTED]
Cc: Cunniffe, Denise; Joe Cullen [REDACTED]
Subject: SARP - Proposed Amendment

Importance: High

Patrick

Further to our call.

In relation to the proposed amendment to s825C at Report Stage, you might confirm if the upper threshold/limit of €1m (for the purposes of calculating "A" in the formula for "specified amount") is to be time apportioned in respect of the year of arrival and/or departure of the employee.

Finance Act 2014 Amendment - A pro-rated apportionment of the upper limit "A" was previously provided for in subsection (5) of s825C, but this subsection was removed by FA 2014. Having reviewed the draft legislation for FB 2014, it initially proposed to continue this pro-rated adjustment of "A" in the new subsection (2B)(c). However, at committee stage this was amended to remove reference to the 'A' in subsection (2B)(c), on the basis that it could give rise to a double restriction in relief for individuals.

It is of course a policy decision, but the most straightforward approach, which wouldn't add additional complexity to the system, and having regard to the concerns and issues raised in 2014, is for this upper limit of €1m to be applied to a year of assessment, thus no pro-rated apportionment would apply in respect of the €1m cap for any year of assessment. Thus, in such a scenario, an employee commencing work in the State in March 2019 would have an upper limit/restriction of €1m applied for 2019 as would an employee commencing work in the State in November 2019. The benefit to the employee in the latter scenario would be more advantageous.

You might confirm the policy decision.

If you wish to discuss further please don't hesitate to call (direct dial 01-8589871).

Kind regards

Therese

Bourke, Therese

From: Bourke, Therese
 Sent: 07 November 2018 17:41
 To: Joe Cullen ([REDACTED])
 Cc: Patrick Brennan [REDACTED] Cunniffe, Denise [REDACTED]
 Subject: FW: SARP - Proposed Amendment

Importance: High

Tracking:

Recipient	Delivery	Read
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Joe Cullen
 [REDACTED]

Patrick Brennan
 [REDACTED]

Cunniffe, Denise

Delivered: 07/11/2018 17:41

Read: 07/11/2018 17:41

Joe:

The issue regarding the RSA for SARP that I mentioned to you today, that we need a policy decision on is set out below. Happy to discuss if you feel it would be beneficial.

Kind regards

Therese

From: Bourke, Therese
 Sent: 02 November 2018 15:22
 To: Patrick Brennan [REDACTED]
 Cc: Cunniffe, Denise [REDACTED] : Joe Cullen ([REDACTED])
 Subject: SARP - Proposed Amendment
 Importance: High

Patrick

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€1m to be applied to a year of assessment, thus no pro-rated apportionment would apply in respect of the €1m cap for any year of assessment. Thus, in such a scenario, an employee commencing work in the State in March 2019 would have an upper limit/restriction of €1m applied for 2019 as would an employee commencing work in the State in November 2019. The benefit to the employee in the latter scenario would be more advantageous.

You might confirm the policy decision.

If you wish to discuss further please don't hesitate to call [REDACTED]

Kind regards

Therese

Cunniffe, Denise

From: Bourke, Therese
Sent: 07 November 2018 16:02
To: Patrick Brennan
Cc: Joe Cullen [REDACTED] Cunniffe, Denise; Brennan, Philip
Subject: FW: SARP PR Revised

Tracking:	Recipient	Delivery	Read
	Patrick Brennan [REDACTED]		
	Joe Cullen [REDACTED]		
	Cunniffe, Denise	Delivered: 07/11/2018 16:02	Read: 07/11/2018 16:16
	Brennan, Philip	Delivered: 07/11/2018 16:02	Read: 07/11/2018 16:59

Patrick

Please note there is an error in the draft press release below to the relevant TCA section, the correct reference for SARP is s825C (not s216A – which relates to rent a room relief).

See highlighted reference below.

Kind regards

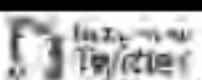
Therese

From: Patrick Brennan [REDACTED]
Sent: 07 November 2018 13:52
To: Cunniffe, Denise <[REDACTED]>
Subject: FW: SARP PR Revised

Denise.

Still not released

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 | [REDACTED]



From: Patrick Brennan
Sent: 07 November 2018 13:52
To: Deborah Sweeney <[REDACTED]>; Joe Cullen <[REDACTED]>; Ed Brophy
Cc: Hazel Ryan <[REDACTED]>; John Hogan <[REDACTED]>; Aidan Murphy
Subject: SARP PR Revised

Deborah,

One page redacted under Section 28 (1) (a)

Notes for Editors

The Special Assignee Relief Programme (SARP) was introduced in Finance Act 2012. The aim of the programme is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in their Irish based operations.

For the tax years 2012, 2013 and 2014, SARP provided relief from income tax on 30% of salary between €75,000 and €500,000. In 2015, the upper salary threshold of €500,000 per annum was removed to encourage senior decision makers to come to Ireland. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 and one trip home per year are exempt from tax where they are paid for by the individual's employer.

In Finance Act 2014, following a review of the incentive, the following changes were made:

- The upper income cap on eligibility was removed;
- The requirement for an individual to have been a full time employee for 12 months prior to his or her arrival in Ireland was reduced to 6 months;
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- The restriction on the performance of duties outside the State was removed; and
- The reporting obligations of employers was strengthened.

In Finance Act 2016, the relief was extended to end-2020.

The 2016 report shows that while the initial uptake of the scheme was low, the numbers of claimants continues to increase, with a greater than proportionate increase in cost, as shown in the table below:

Year	Claimants	Cost
2012	11	€0.1 million
2013	121	€1.9 million
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2016	793	€18.1 Million

The sectors of the economy in which the assignees are located are spread across IT, Financial Services, Pharmaceutical and Medical, Consumer and Industrial and Other services. This shows that the incentive continues to reach a broad range of commercial sectors.

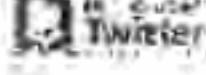
From: Patrick Brennan
Sent: 06 November 2018 17:45
To: Deborah Sweeney <[REDACTED]>; Joe Cullen <[REDACTED]>; Ed Brophy <[REDACTED]>
Cc: Hazel Ryan <[REDACTED]>; John Hogan <[REDACTED]>; Aidan Murphy <[REDACTED]>
Subject: RE: SARP Press Release etc.

(Corrected versions attached)

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |

Direct: [REDACTED]

Website: www.finance.gov.ie



From: Deborah Sweeney
Sent: 06 November 2018 17:37
To: Joe Cullen <[REDACTED]>; Patrick Brennan <[REDACTED]>; Ed Brophy <[REDACTED]>
Cc: Hazel Ryan <[REDACTED]>; John Hogan <[REDACTED]>; Aidan Murphy <[REDACTED]>
Subject: RE: SARP Press Release etc.

Thanks Joe. And if we get the green light, ok to add a link to the report?

From: Joe Cullen
Sent: 06 November 2018 17:08
To: Patrick Brennan <[REDACTED]>; Deborah Sweeney <[REDACTED]>; Ed Brophy <[REDACTED]>
Cc: Hazel Ryan <[REDACTED]>; John Hogan <[REDACTED]>
Subject: RE: SARP Press Release etc.

Deb, Patrick,

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
I have reviewed the Press Release and Speaking Points and made some very slight changes (mainly to insert a reference to equity considerations into Press Release). Revised versions are attached.

These are good to go from my perspective, once we get the go ahead.

Regards,

Joe.

Joe Cullen | Principal | Income Tax Policy | Department of Finance, Upper Merrion Street, Dublin 2 D02 R583 |

Website: www.finance.gov.ie



From: Patrick Brennan
Sent: 06 November 2018 15:32
To: Joe Cullen <[REDACTED]> **Deborah Sweeney** <[REDACTED]>
Cc: Hazel Ryan <[REDACTED]>
Subject: SARP Press Release etc

Joe,

Please see attached draft PR, Speaking Points and the Report itself

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |
[REDACTED]



From: Joe Cullen
Sent: 06 November 2018 11:32
To: Deborah Sweeney <[REDACTED]>
Cc: Press Office Finance <[REDACTED]>, John Hogan <[REDACTED]>, Patrick Brennan <[REDACTED]>, Hazel Ryan <[REDACTED]>, Ed Brophy <[REDACTED]>
Subject: RE: SARP statement

Deb,

We are still waiting on word back from the Minister via Ed on the amount that the cap should be set at.

Regards,

Joe,

Joe Cullen | Principal | Income Tax Policy | Department of Finance, Upper Merrion Street, Dublin 2 D02 R583 |
[REDACTED]

WEBSITE: www.finance.gov.ie



From: Deborah Sweeney
Sent: 06 November 2018 10:50
To: Joe Cullen <[REDACTED]>
Cc: Press Office Finance <[REDACTED]>
Subject: SARP statement

Joe,

Would you be able to send through the SARP statement, letter being issued and speakers for the press office at some point this afternoon so that I can flag with Paschal before release this evening please?

Thanks

Cunniffe, Denise

From: Bourke, Therese
 Sent: 09 November 2018 13:13
 To: 'Patrick Brennan'
 Cc: Cunniffe, Denise; Joe Cullen
 Subject: RE: SARP - Proposed Amendment

Patrick

Thanks for the confirmation.

With regard to our earlier call where you mentioned a possible change to the 30 day employer reporting requirement (provided for in section 825C(2A)(e)) to 60/90 days. This proposal is very practical as we understand from Agents that it may take up to 10 weeks to get a PPSN (which must be reported in the form to Revenue) and the employee may initially reside in temporary accommodation (hotel), until suitable accommodation is secured, which may take longer than 30 days to secure. Thus, in order to satisfy the 30 day reporting requirement, the form is submitted incomplete (i.e. without the PPSN and in some instances with the temporary address) with the outstanding/updated details provided at a later point. The proposal to extend this date would give rise to a more efficient process for employers and Revenue. We have no issue with this measure taking effect from the passing of the bill.

Kind regards

Therese

From: Patrick Brennan [REDACTED]
 Sent: 09 November 2018 12:48
 To: Bourke, Therese <[REDACTED]>; Joe Cullen <[REDACTED]>
 Cc: Cunniffe, Denise <[REDACTED]>
 Subject: RE: SARP - Proposed Amendment

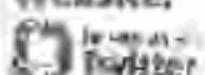
Therese,

Joe confirms that there should be no pro-rated apportionment (per your recommendation below).

Regards,

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |

Website: www.finance.gov.ie



From: Bourke, Therese [REDACTED]
 Sent: 07 November 2018 17:41
 To: Joe Cullen <[REDACTED]>
 Cc: Patrick Brennan <[REDACTED]>; Cunniffe, Denise <[REDACTED]>
 Subject: FW: SARP - Proposed Amendment
 Importance: High

Joe

The issue regarding the RSA for SARP that I mentioned to you today, that we need a policy decision on is set out below.

Happy to discuss if you feel it would be beneficial.

Kind regards

Therese

From: Baurke, Therese

Sent: 02 November 2018 15:22

To: Patrick Brennan [REDACTED]

Cc: Cunniffe, Denise [REDACTED]

Joe Cullen [REDACTED]

Subject: SARP - Proposed Amendment

Importance: High

Patrick

Further to our call.

In relation to the proposed amendment to s825C at Report Stage, you might confirm if the upper threshold/limit of €1m (for the purposes of calculating "A" in the formula for "specified amount") is to be time apportioned in respect of the year of arrival and or departure of the employee.

Finance Act 2014 Amendment - A pro-rated apportionment of the upper limit "A" was previously provided for in subsection (5) of s825C, but this subsection was removed by FA 2014. Having reviewed the draft legislation for FB 2014, it initially proposed to continue this pro-rated adjustment of "A" in the new subsection (2B)(c). However, at committee stage this was amended to remove reference to the 'A' in subsection (2B)(c), on the basis that it could give rise to a double restriction in relief for individuals.

It is of course a policy decision, but the most straightforward approach, which wouldn't add additional complexity to the system, and having regard to the concerns and issues raised in 2014, is for this upper limit of €1m to be applied to a year of assessment, thus no pro-rated apportionment would apply in respect of the €1m cap for any year of assessment. Thus, in such a scenario, an employee commencing work in the State in March 2019 would have an upper limit/restriction of €1m applied for 2019 as would an employee commencing work in the State in November 2019. The benefit to the employee in the latter scenario would be more advantageous.

You might confirm the policy decision.

If you wish to discuss further please don't hesitate to call [REDACTED]

Kind regards

Therese

Please note that Revenue cannot guarantee that any personal and sensitive data, sent in plain text via standard email, is fully secure. Customers who choose to use this channel are deemed to have accepted any risk involved. The alternative communication methods offered by Revenue include standard post and the option to use our (encrypted) MyEnquiries service which is available within MyAccount and ROS. You can register for either MyAccount or ROS on the Revenue website.

Curinifte, Denise

From: O'Rourke, Philip
Sent: 12 November 2018 15:34
To: 'Hazel Ryan'
Cc: Patrick Brennan; Statistics; Curinifte, Denise
Subject: RE: Urgent request for stats: Special Assignee Relief Programme

Hi Hazel,

Regarding question 2, table 4 on the 2016 SARP report has the further breakdown requested for all of the years 2012-2015.

In relation to the change, we will look at this and revert back to you.

Regards,
Philip

From: Hazel Ryan [REDACTED]
Sent: 12 November 2018 13:00
To: Statistics [REDACTED]
Cc: O'Rourke, Philip <[REDACTED]>; Patrick Brennan [REDACTED]
Subject: Urgent request for stats: Special Assignee Relief Programme

Hi all,

We are making a report stage amendment to S825C, the special assignee relief programme, and require some additional statistics for Q&A purposes.

Up to 1 Jan 2015 there was an income cap of €500,000 in place for the purposes of the relief. The income cap was removed as a result of a review which was carried out in 2014. We need the following information to give background to this change:

1. Would it be possible to get information on the average and maximum salary received by a participant in the SARP in 2012, 2013, 2014 and 2015?
2. The 2015 SARP report gives the following breakdown of number of employees within various salary bands whose employer made a SARP return. Would it be possible to get the >€375,000 figure broken down further in respect of 2012-2015?

For example, in the 2016 report it is further subdivided into the following salary ranges: €375k-€675k, €675k-€1million, €1million-€3million and €3million-€10million.

Salary range	€15,000 - €158,000	€159,001 - €225,000	€226,001 - €300,000	€300,001 - €375,000	€375,000 +	Total
Number of employees 2012						115
Number of employees 2013	33	36	20	12	10	121
Number of employees 2014	58	77	63	29	43	302
Number of employees 2015	224	155	81	54	92	564

Many thanks for your help.

Regards
Hazel

Hazel Ryan | Income Tax Incentives | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 | [REDACTED]



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Tá an fhoinsí eis atá sa ríomhphost seo (agus in aon cheangalbain) faoi rún agus is don fhaightear/ do no fhaigteoirí beartaithe é agus é/ iad sin a mbain. Níra fusa an fhaigteoir beartaithe, níor cheart duit an teachtaíreacht seo ná aon chuid dí a úsáid, a noctradh, a cholpeail, a dhaiteadh ná a choinneáil. So thás gur tó éarráid a fuair tú an ríomhphost seo, tabhair fógra dom láithreach faoi sin agus scríos gach cónaí den ríomhphost seo ó da ríomhchóra(l)js. Tabhair fhol deara go bhfeadfaidh an ríomhphost seo agus aon fhreagra air bhéith faoi rítear iarráidh ar a eisliúint de bhun an Acharta um Shaoráil Faisnéise

Cunniffe, Denise

From: Bourke, Therese
Sent: 13 November 2018 10:38
To: Patrick Brennan [REDACTED]
Cc: Hazel Ryan; Cunniffe, Denise
Subject: FW: Minister's comments on SARP for Government Meeting

Patrick

Please see marked up comments below in red.

I note there is no reference to the extension of the 30 day reporting requirement?

Kind regards

Therese

From: Patrick Brennan [REDACTED]
Sent: 12 November 2018 13:07
To: Bourke, Therese [REDACTED]; Cunniffe, Denise [REDACTED]
Cc: Hazel Ryan [REDACTED]
Subject: Minister's comments on SARP for Government Meeting

Therese, Denise,

Could you cast an eye over the following speaking notes for the Minister for tomorrow's Government meeting for any factual errors please?

Many thanks

Patrick

Speaking Note

Finance Bill – Report Stage Amendment to SARP

- The Special Assignee Relief Programme (SARP) aims to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in their Irish based operations.

- Under the relief, a proportion of earnings from the employment is disregarded for Income Tax purposes. The proportion is 30% of income over €75,000. USC continues to be payable and, depending on the individual's circumstances PRSI also.
- Following the removal of the cap of €500,000 in eligible income in 2015 and some other changes, the cost of SARP rose very significantly from roughly €6 million in 2014 to €9.5 million in 2015 and to €18.1million in 2016. The removal of the cap is seen as a large factor in this.
- The cost increase was not anticipated when the cap was removed and the amounts of relief being claimed at very high income levels raise equity issues, albeit that these must be balanced against the potential benefits of the incentive and the fact that the relevant individuals pay substantial amounts of tax.
- In 2016, 18 individuals with earnings of over €1 million per annum benefitted from the relief (up from 8 individuals in 2015).
- I propose to re-impose a cap of €1m in eligible earnings for new entrants. Based on the 2016 data, it is expected that this will affect fewer than 2.5% of recipients.
- The changes will apply to from 1 January 2019 for new entrants and 1 January 2020 for existing recipients.
- A full review which will look at all aspects of the programme will be undertaken next year.

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 | [REDACTED]

Website: www.finance.gov.ie



Cunniffe, Denise

From: O'Rourke, Philip
 Sent: 13 November 2018 12:24
 To: 'Hazel Ryan'
 Cc: Patrick Brennan; Statistics; Cunniffe, Denise
 Subject: RE: Urgent request for stats: Special Assignee Relief Programme

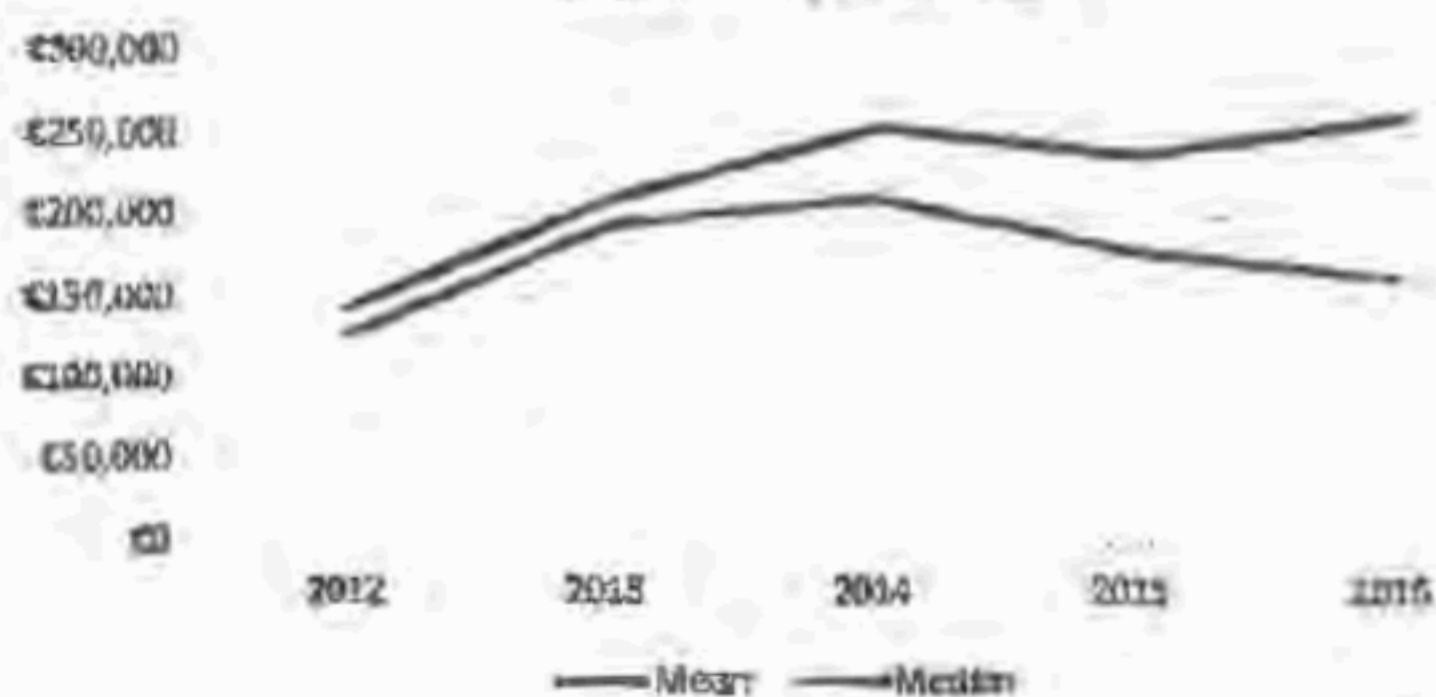
Hi Hazel,

Just following up on the final part of your query, our colleagues in RLS have compiled the following stats in relation to SARP participants:

Salary	2012	2013	2014	2015	2016
No of Employees	11	121	302	586	[REDACTED]
Mean	€143,859	€212,055	€253,648	€237,363	€260,400
Median	€127,982	€194,607	€211,512	€178,621	€163,007

Average Salary 2012-2016 and

Median Salary 2012-2016



Regards,
 Philip

From: O'Rourke, Philip
 Sent: 12 November 2018 15:34
 To: 'Hazel Ryan' <[REDACTED]>
 Cc: Patrick Brennan <[REDACTED]>; Statistics <[REDACTED]>; Cunniffe, Denise <[REDACTED]>
 Subject: RE: Urgent request for stats: Special Assignee Relief Programme

Hi Hazel,

Regarding question 2, table 4 on the 2016 SARP report has the further breakdown requested for all of the years 2012-2015.

In relation to the average, we will look at this and revert back to you.

Regards,
Philip

From: Hazel Ryan [REDACTED]
Sent: 12 November 2018 13:00
To: Statistics [REDACTED]
Cc: O'Rourke, Philip [REDACTED]; Patrick Brennan [REDACTED]
Subject: Urgent request for stats: Special Assignee Relief Programme

Hi all,

We are making a report stage amendment to S825C, the special assignee relief programme, and require some additional statistics for Q&A purposes.

Up to 1 Jan 2015 there was an income cap of €500,000 in place for the purposes of the relief. The income cap was removed as a result of a review which was carried out in 2014. We need the following information to give background to this change:

1. Would it be possible to get information on the average and maximum salary received by a participant in the SARP in 2012, 2013, 2014 and 2015?
2. The 2015 SARP report gives the following breakdown of number of employees within various salary bands whose employer made a SARP return. Would it be possible to get the >€375,000 figure broken down further in respect of 2012-2015?

For example, in the 2016 report it is further subdivided into the following salary ranges: €375k-€675k, €675k-€1million, €1million-€3million and €3million-€10million.

Salary range	€75,000 - €150,000	€150,001 - €225,000	€225,001 - €300,000	€300,001 - > €375,000	> €375,000	Total
Number of employees 2012	1	-	-	-	-	11
Number of employees 2013	15	36	26	12	10	121
Number of employees 2014	66	79	63	29	41	302
Number of employees 2015	224	155	81	34	53	506

Many thanks for your help,

Regards
Hazel

Hazel Ryan | Income Tax Incentives | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 | [REDACTED]

Website: www.finance.gov.ie



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Cunniffe, Denise

20

From: Bourke, Therese
Sent: 14 November 2018 09:08
To: Patrick Brennan ([REDACTED]) Joe Cullen

Cc: 'Hazel Ryan'; Cunniffe, Denise
Subject: FW: Minister's comments on SARP for Government Meeting

Patrick, Joe

Did the Minister give a decision on the extension of the 30 day reporting requirement?

We need to advise the OPC asap.

Kind regards

Therese

From: Bourke, Therese
Sent: 13 November 2018 10:38
To: Patrick Brennan ([REDACTED]) Cunniffe, Denise ([REDACTED])
Cc: 'Hazel Ryan' < [REDACTED] >
Subject: FW: Minister's comments on SARP for Government Meeting

Patrick

Please see marked up comments below in red.

I note there is no reference to the extension of the 30 day reporting requirement.

Kind regards

Therese

From: Patrick Brennan ([REDACTED])
Sent: 12 November 2018 13:07
To: Bourke, Therese < [REDACTED] >; Cunniffe, Denise < [REDACTED] >
Cc: Hazel Ryan ([REDACTED])
Subject: Minister's comments on SARP for Government Meeting

Therese, Denise,

Could you cast an eye over the following speaking notes for the Minister for tomorrow's Government meeting for any factual errors please?

Many thanks

Patrick
[REDACTED]

Speaking Note

Finance Bill – Report Stage Amendment to SARP

- The Special Assignee Relief Programme (SARP) aims to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in their Irish based operations.
- Under the relief, a proportion of earnings from the employment is disregarded for Income Tax purposes. The proportion is 30% of income over €75,000. USC continues to be payable and, depending on the individual's circumstances PRSI also.
- Following the removal of the cap of €500,000 in eligible income in 2015 and some other changes, the cost of SARP rose very significantly from roughly €6 million in 2014 to €9.5 million in 2015 and to €18.1million in 2016. The removal of the cap is seen as a large factor in this.
- The cost increase was not anticipated when the cap was removed and the amounts of relief being claimed at very high income levels raise equity issues, albeit that these must be balanced against the potential benefits of the incentive and the fact that the relevant individuals pay substantial amounts of tax.
- In 2016, 18 individuals with earnings of over €1 million per annum benefitted from the relief (up from 8 individuals in 2015).
- I propose to re-impose a cap of €1m in eligible earnings for new entrants. Based on the 2016 data, it is expected that this will affect fewer than 2.5% of recipients.
- The changes will apply to from 1 January 2019 for new entrants and 1 January 2020 for existing recipients.
- A full review which will look at all aspects of the programme will be undertaken next year.

U
Cunniffe, Denise

From: Cunniffe, Denise
Sent: 16 November 2018 10:03
To: 'Patrick Brennan'
Cc: Bourke, Therese
Subject: RE: FINANCE BILL 2018 - REPORT STAGE AMENDMENT SECTION 825C TCA 1997 & FR
Attachments: R5 Amendment - Q on SARP Report.docx; B111a18D-DR5 SARP Repor 2017 Request.pdf

Patrick,

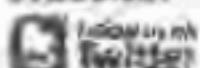
As per our conversation please find attached draft reply to the opposition amendment from Deputy Doherty on SARP. I'll await your drafts on the Q&A which you are sending on and we can review.

Regards

Denise.

From: Patrick Brennan [REDACTED]
Sent: 16 November 2018 08:20
To: Cunniffe, Denise <[REDACTED]>
Subject: RE: FINANCE BILL 2018 - REPORT STAGE AMENDMENT SECTION 825C TCA 1997 & FR

Denise – verbal approval so far [REDACTED]. I will check with the Minister's office about our submission – it usually takes a few days to come back signed.

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |
Direct: [REDACTED]
Website: www.finance.gov.ie
 Follow us on Twitter

From: Cunniffe, Denise [REDACTED]
Sent: 15 November 2018 17:31
To: Patrick Brennan <[REDACTED]>
Cc: Bourke, Therese <[REDACTED]>
Subject: RE: FINANCE BILL 2018 - REPORT STAGE AMENDMENT SECTION 825C TCA 1997 & FR
Importance: High

Patrick

Just following up on your phone call yesterday 14th November, 2018 to let me know that the Minister had given his approval for the SARP amendment to the 90 day timeframe in addition to the earning cap of €1m. I would be grateful if you could send me an emailed copy of the formal approval for the amendment for Revenue records as it is important we have this on file.

Regards

Denise.

From: Cunniffe, Denise
Sent: 14 November 2018 14:56
To: 'Patrick Brennan' [REDACTED]
Cc: Bourke, Therese [REDACTED]; Brennan, Philip [REDACTED]; Troy, Julia [REDACTED]
Subject: FW: FINANCE BILL 2018 - REPORT STAGE AMENDMENT SECTION 825C TCA 1997 & FR

Patrick

As discussed copy for your records

Regards

Denise

From: Crowley, Ann [REDACTED]
Sent: 14 November 2018 14:53
To: FinanceBill2018 <FinanceBill2018@office.ie>
Cc: Cunniffe, Denise [REDACTED]; O'Reilly, Eugene [REDACTED]; 'Rory O'Kelly' [REDACTED]; Bourke, Therese [REDACTED]
Subject: FINANCE BILL 2018 - REPORT STAGE AMENDMENT SECTION 825C TCA 1997 & FR

Enclosed please find final draft Report Stage Amendment and Financial Resolution for the Finance Bill 2018 and transmit minutes. Please stamp and transmit together with the transmit minutes and leave for collection at the front desk.

Please retain a copy for the file.

Thank you

Ann

Please note that Revenue cannot guarantee that any personal and sensitive data, sent in plain text via standard email, is fully secure. Customers who choose to use this channel are deemed to have accepted any risk involved. The alternative communication methods offered by Revenue include standard post and the option to use our (encrypted) MyEnquiries service which is available within myAccount and ROS. You can register for either myAccount or ROS on the Revenue website.

Tabhair faoi deará nach féidir leis na Coimisiúiní Ioncaim rathair a thabhairt go bhfuil aon sónrai pearsante agus fogair a gcuirtear isteach i ngnáth-théacs trí r-phost naighdeánach go huile is go hiomlán slán. Meastar go nglacann custaiméirí a úsáideann an cainéal seo le haon riosca bainteach. I measc na modhanna cumarsáide eile atá ag na Coimisiúiní ná post naighdeánach agus an rogha ér seirbhís (criptithe) M'Fhiosruithe a úsáid, tá sí ar fáil laistigh de MoChúrsaí agus ROS. Is féidir leat clárú le baghaidh ceachtar MoChúrsaí nō ROS ar shuicmh gréasáin na gCoimisiúiní.

22
Cunniffe, Denise

From: Cunniffe, Denise
Sent: 19 November 2018 12:20
To: 'Patrick Brennan'; 'Hazel Ryan'
Cc: Bourke, Therese
Subject: RE: SNDN Amendments 11 and 12 (SARP)
Attachment: SARP SNDN - obs191118.docx

Patrick

Some final obs attached in the speaking note for your review. I've included my comments in the attachment. Can you send me the final copy when you have it drafted and also when you have the Ministerial Approval for the RS amendment if you could send me that also for our records.

Regards

Denise.

From: Patrick Brennan | [REDACTED]
Sent: 19 November 2018 10:46
To: James Byrne [REDACTED]
Cc: Cunniffe, Denise <[REDACTED]>; Hazel Ryan [REDACTED]; Joe Cullen [REDACTED]; Bourke, Therese <[REDACTED]>; Rory O'Kelly [REDACTED]
Subject: SNDN Amendments 11 and 12 (SARP)

James.

SNDN for SARP (Amdts 11 and 12 – New s. 15)

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |
Direct: [REDACTED]
Website: www.finance.gov.ie


23

Cunniffe, Denise

From: Patrick Brennan [REDACTED]
Sent: 19 November 2018 09:48
To: Cunniffe, Denise
Subject: RE: Speaking note SARP

Will do – should have it before lunch

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |
Direct: [REDACTED]
Website: www.finance.gov.ie

From: Cunniffe, Denise [REDACTED]
Sent: 19 November 2018 09:38
To: Patrick Brennan [REDACTED]
Subject: FW: Speaking note SARP

Patrick

Will you send me the final version when you have it completed and the updated Q&A also and I will make my amendments.

Denise,

From: Cunniffe, Denise
Sent: 16 November 2018 17:59
To: 'Patrick Brennan'
Cc: Troy, Julia [REDACTED] Bourke, Therese [REDACTED]
Subject: FW: Speaking note SARP

Patrick

Attached are the obs from Revenue side. In relation to the actual question being asked by Deputy Doherty is that addressed sufficiently in the Speaking Note? Maybe it needs a small part of our earlier reply incorporated into it about the restriction with the filing dates etc? I know you said you will be incorporating our reply into the Q &A material also. Will you send me on the amended Q&A's when you get a moment and I'll add my comments.

You can email me any further queries you have as I'm not at the office now but have access to email.

Regards

Denise

From: Patrick Brennan [REDACTED]
Sent: 16 November 2018 13:08
To: Cunniffe, Denise [REDACTED]
Subject: 181112 SARP Savings Spreadsheet.xlsx

Barrett, Brian

From: Patrick Brennan [REDACTED]
Sent: 16 November 2018 13:07
To: Cunniffe, Denise
Subject: 181115 SARP SNDN
Attachments: 181115 SARP SNDN.docx

FINANCE BILL 2010
DÁIL ÉIREANN – REPORT STAGE

New Section 15

AMENDMENTS 11 and 12 (SARP)

11. In page 18, between lines 35 and 36, to insert the following:

“Amendment of section 825C of Principal Act (special assignee relief programme)

15. Section 825C of the Principal Act is amended—

(a) in subsection (2A)(e), by substituting “within 90 days” for “within 30 days”, and

(b) in subsection (2B)(b)(i), by substituting for “but in respect of the tax years 2012, 2013 and 2014 where this amount exceeds €500,000, ‘A’ shall be €500,000, and” the following:

“but—

(A) in respect of the tax years 2012, 2013 and 2014 where this amount exceeds €500,000, ‘A’ shall be €500,000,

(B) in respect of the tax years 2019 and 2020, in the case of a relevant employee who first arrives in the State on or after 1 January 2019 for the purposes set out in subsection (2A)(b), where this amount exceeds €1,000,000, ‘A’ shall be €1,000,000, and

(C) in respect of the tax year 2020, in the case of a relevant employee who first arrives in the State on or before 31 December 2018 for the purposes set out in subsection (2A)(b), where this amount exceeds €1,000,000, ‘A’ shall be €1,000,000, and”.

—An tAire Airgeadais.

12. In page 18, between lines 35 and 36, to insert the following:

“Report on SARP scheme

15. The Minister shall, within 6 months of the passing of this Act, prepare and lay before Dáil Éireann a report on the SARP scheme outlining the costs to date including the costs in 2017 and so far in 2018.”

—Pearse Doherty.

SPEAKING NOTE

The Special Assignee Relief Programme (SARP) was introduced in Budget 2012 and aims to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take-up positions in their Irish based operations. The relief is time limited on the basis that it is expected that assignees will transfer skills to Irish based employees over the course of the five year period and so support the establishment of long-term, high quality employment in Ireland.

Ireland's enterprise policy is based on export-led growth, underpinned by innovation, talent and technologies to deliver long term sustainable economic growth. Foreign Direct Investment has been and continues to be an integral part of Ireland's economic development.

The existence of an incentive like SARP is an acknowledgement that we are competing on a global basis for highly skilled and mobile executives. The competition for this talent is intense, particularly for the types of skills required to facilitate the development and expansion of businesses in Ireland.

Similar assignee tax relief schemes are in operation in many of the jurisdictions that we compete with for foreign direct investments, for example, the Netherlands and Sweden. Such incentives can be a persuading factor when companies decide where to locate investment projects as they help to mitigate the costs associated with the relocation of staff to jurisdictions with differing marginal tax rates. In tandem with our corporation tax rate, SARP is intended to help us to compete for Foreign Direct Investment.

Under the relief, a proportion of earnings from the SARP employment is disregarded for Income Tax purposes. The proportion is 30% of income over

€75,000. USC continues to be payable and, depending on the individual's circumstances, PRSI also.

Employer returns to Revenue indicate that in 2016 1084 non-assinee jobs were supported (added or retained) as a result of SARP. This has greatly increased from the early years of the incentive where, for example, in 2012 only 6 non-assinee jobs were supported by SARP. The programme is achieving its goals.

A review and public consultation on the incentive in 2014 raised concerns that take-up was limited. Accordingly, a number of changes were made to SARP in Budget 2015, including the removal of a cap of €500,000 in eligible income for SARP beneficiaries, in the hope of increasing up-take and encouraging the growth of high quality Foreign Direct Investment.

In the years subsequent to the review, Revenue analysis has shown that the incentive has greatly increased in popularity with 793 individuals availing of the scheme in 2016 and employers reporting both job creation and job retention directly as a result of the incentive.

However, as Deputies will note from the recently published Revenue report on SARP, that the cost of the programme has risen very significantly to €18.1 million in 2016, from €9.5 million in 2015. The report indicates that some of this increase can be attributed to a very small number of individuals claiming SARP in respect of extremely high incomes – over €1 million. There were 18 such individuals in 2016 (the most recent year for which data are available).

The report finds that the number of participants earning an annual income over €675,000 increased in the period 2014-2016 by 340%. Also, in terms of those earning annual amounts of €1 million or over, although the number of beneficiaries in 2016 was relatively modest, the percentage increase has been of the order of 800% (from 2 in 2014 to 18 in 2016). There is likely to have been growth on at least a similar scale since 2016.

It should be remembered that the average salary under SARP when the incentive was introduced in 2012 was just under €150,000. This amount has increased to approximately €250,000 in 2016. Almost half of individuals are in receipt of salaries between €75,000 and €150,000 and over three quarters are in receipt of salaries of less than €300,000.

The increase in cost for this reason was not anticipated when the cap was removed in 2015 and the amounts of relief being claimed at very high income levels raises equity and value for money issues which I believe I must address without delay.

I propose to re-impose a cap of €1m in eligible earnings for new entrants. Based on 2016 figures, this would affect fewer than 2.5% of recipients. The changes will apply from 1 January 2019 for new entrants and 1 January 2020 for existing recipients. Re-imposing the cap in this manner will ensure that the scheme is not open to over-exploitation while leaving those with incomes under €1 million beneficiaries unaffected.

SARP is due for full review during the course of 2019. This review will afford an opportunity to look at all elements of the relief and to undertake further analysis of the costs and benefits of SARP with the possibility of further adjustments next year to recalibrate the terms of the relief.

Given the fact that I intend to commission a report into the incentive for publication in advance of Finance Bill 2019, I do not propose to accept Deputy Doherty's amendment.

Finally, various stakeholders have also made the case the current 30 day reporting period when making an application is too restrictive given the delays faced in obtaining a PPSN and other pressures faced by individuals in relocating to Ireland. Given that I am already making a report stage amendment to the incentive, and that this is primarily an administrative matter, I propose to make a further technical amendment which will see the reporting timeframe extended

from 30 to 90 days for initial reporting by the employer to Revenue after the arrival of the employee in the State.

DETAILED NOTE

Section 825C TCA 1997, 'the special assignee relief programme' provides for a relief from income tax on 30% of all income over €75,000 for qualifying individuals who are assigned by their employer to work in Ireland, either for that employer (or an associated company of the relevant employer), and who previously worked for that employer for a minimum of 6 months in a country with which the State has a double taxation agreement.

This section amends Section 825C of the Principal Act, as follows:

- In subsection (2A)(e), 'within 30 days' is substituted for 'within 90 days' to provide for an extension to the current reporting period. This amendment will allow the relevant employer or associated company to certify, in such form as the Revenue Commissioners may require, within 90 days from the employee's arrival in the State to perform the duties referred to in paragraph (b), that the individual complies with the conditions set out in paragraphs (a), (b) and (c). This is increased from 30 days.
- The following amendments allow for the re-instatement of the income cap at the level of €1 million:
 - In subsection (2B)(b)(i) by substituting for-

"but in respect of the tax years 2012, 2013 and 2014 where this amount exceeds €500,000, "A" shall be €500,000, and"

the following:

"but-

A) in respect of the tax years 2012, 2013 and 2014 where this amount

exceeds €500,000, 'A' shall be €500,000.

B) in respect of the tax years 2019 and 2020, in the case of a relevant employee who first arrives in the State on or after 1 January 2019 for the purposes set out in subsection (2A)(b), where this amount exceeds €1,000,000, 'A' shall be €1,000,000, and

C) in respect of the tax year 2020, in the case of a relevant employee who first arrives in the State on or before 31 December 2018 for the purposes set out in subsection (2A)(b) where this amount exceeds €1,000,000, 'A' shall be €1,000,000.

and"

Cunniffe, Denise

From: Cunniffe, Denise
Sent: 26 November 2018 13:26
To: Bourke, Therese
Cc: Brennan, Philip
Subject: FW: pq 48969
Attachments: 2016 over 1million.xlsx; FW: PQ replies

Hi Therese

Patrick Brennan just phoned me to ask if I was aware of the PQ asking the savings that would be made if SARP was abolished. He said it was cleared through the Chairman's office as a combined answered one but that they want to separate out the SARP question. I've attached a copy of the original PQ which was answered by Stats branch.

Patrick asked if it be possible based on the 2016 data, to give them a figure of the savings that would have occurred IF the cap of €1million had been in place then. Per the 2016 data the tax saving would be €2.43 million IF a cap had been in place at the time for all recipients. I just want to check with you first if it is ok for Dept. of Finance to include that figure in their answer i.e. that there would be no breach of confidentiality etc. Obviously we would be just giving the figure and not the detailed breakdown per the attached excel doc.

Denise.

From: Patrick Brennan
Sent: 26 November 2018 13:08
To: Cunniffe, Denise <[REDACTED]>
Subject: pq 48969

The Special Assignee Relief Programme (SARP) was introduced in Budget 2012 as part of a strategy to promote Foreign Direct Investment into Ireland, and to allow us to compete internationally to attract highly skilled and mobile executives who act as key decision makers within organisations.

SARP provides income tax relief on a portion of income earned by employees, who are assigned by their employer to work in Ireland, and who previously worked abroad for that employer for a minimum of six months.

It should be noted that individuals who benefit from SARP make a substantial contribution to the Exchequer in terms of income tax, USC and PRSI which would not otherwise arise if these individuals were not located in Ireland.

The existence of an incentive like SARP is an acknowledgement that we are competing on a global basis for highly skilled and mobile executives. Given the mobility of these individuals, and the existence of similar assignee schemes in competitor jurisdictions, it is possible that if SARP was abolished these individuals would not have chosen to locate in Ireland.

Given that there many variables, it is difficult to estimate accurately the savings that could be expected if the SARP scheme were abolished. However, the 2016 annual Revenue report on SARP shows that for

the years 2012 to 2016 (the most recent year for which data are available) the costs of the measure were as follows:

2012	2013	2014	2015	2016
€0.1 million	€1.9 million	€5.9 million	€9.5 million	€18.1 million

As the Deputy is aware, I recently brought forward an amendment to the Finance Bill 2018 to place a ceiling on eligible income for SARP recipients at €1 million. This change will be effective for new entrants to the programme from 1 January 2019 and for existing beneficiaries of the programme from 1 January 2020.

Patrick Brennan | Tax Policy Division | Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 D02 R583 |
Direct: [REDACTED]

Website: www.finance.gov.ie



Bourke, Therese

From: ePQ (Finance) <finance-epq-noreply@cloud.gov.ie>
Sent: 27 November 2018 13:11
To: Bourke, Therese
Subject: PQ 48968/18, for answer 27/11/2018, Written from - Pearse Doherty

Therese, we can do without the figure I mentioned earlier but if you could have a look at the revised answer herewith. (It will have to go to the Minister's office very shortly. Many thanks Patrick

Assigned To: PQ_FIN Patrick Brennan
Owner: Patrick Brennan
Approver: Joe Cullen

Dail Question No: 161

To ask the Minister for Finance the savings that would be expected if the SARP scheme was abolished.

- Pearse Doherty

* For Written answer on 27/11/2018
Ref No: 48968/18

Reply

Minister for Finance (Paschal Donohoe):

Before addressing the question put down by the Deputy, it would be useful to recall the background to the Special Assignee Relief Programme (SARP) and the circumstances within which the relief operates.

SARP was introduced in Budget 2012 as part of a strategy to promote Foreign Direct Investment into Ireland, and to allow us to compete internationally to attract highly skilled and mobile executives who act as key decision makers within organisations.

The measure provides income tax relief on a portion of income earned by employees, who are assigned by their employer to work in Ireland, and who previously worked abroad for that employer for a minimum of six months. There is no exemption or relief from USC and PRSI is payable where the individual is not liable to social insurance contributions in the home country.

It should also be noted that individuals who benefit from SARP make a substantial contribution to the exchequer in terms of income tax, USC and PRSI which would not otherwise arise if these individuals were not located in Ireland.

The existence of an incentive like SARP is an acknowledgement that we are competing on a global basis for highly skilled and mobile executives. Given the mobility of these individuals, and the existence of similar assignee schemes in competitor jurisdictions, it is possible that if SARP was abolished these individuals would not have chosen to locate in Ireland.

The 2016 annual Revenue report on SARP shows that for the years 2012 to 2016 (the most recent year for which data are available) the costs of the measure were as follows:

Tax Cost 2012	Tax Cost 2013	Tax Cost 2014	Tax Cost 2015	Tax Cost 2016
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€0.1 million	€1.9 million	€5.9 million	€9.5 million	€18.1 million
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In relation to the €18.1 million tax cost for 2016, it is also worth noting that SARP directly generated 793 jobs in that year, which resulted in a very significant tax contribution to the Exchequer. Employers also reported that an extra 477 employees had been employed by their companies in 2016, and 607 employees retained by companies in 2016 for which the Exchequer benefited directly from additional tax from these associated jobs retained and created through SARP.

In terms of the Deputy's question, it is not clear that there would be any net savings to the Exchequer if the programme was abolished. On the contrary, it may well be the case that there could be a net loss to the Exchequer arising from such a move. As the Deputy is aware, only a proportion of income is disregarded for income tax purposes under SARP and the majority of a person's income remains liable to taxation. Also, as already indicated, USC applies on the full amount of the person's income. It is unclear what proportion of SARP beneficiaries, if any, might remain in the jurisdiction if the measure was withdrawn. Furthermore, such a withdrawal would inevitably have implications for the numbers of SARP-related jobs that would be created in the future and, by extension, the tax revenues that would be associated with those jobs.

As the Deputy is aware, I recently brought forward an amendment to the Finance Bill 2018 to place a ceiling on eligible income for SARP recipients at €1 million. This change will be effective for new entrants to the programme from 1 January 2019 and for existing beneficiaries of the programme from 1 January 2020. In addition, I announced that a full review of SARP will be carried out in 2019. I expect that this exercise will, among other things, afford an opportunity to examine in greater detail the issues raised in the Deputy's question.

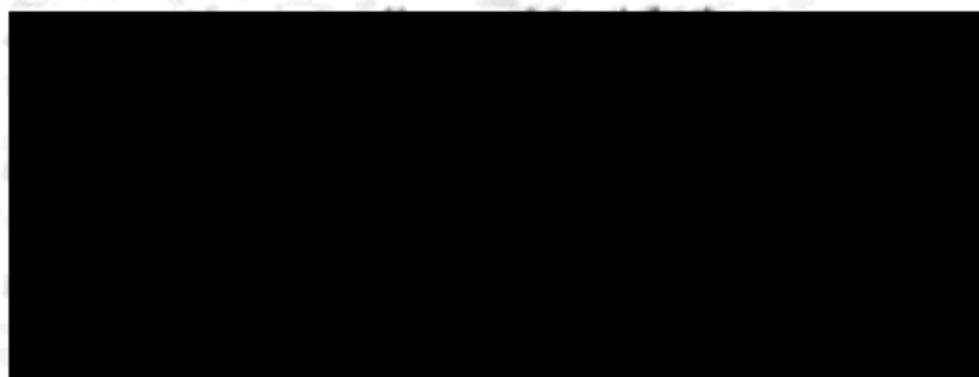
Cunniffe, Denise

From: Cunniffe, Denise
Sent: 04 December 2018 13:14
To: 'Patrick Brennan'
Subject: Q & A SARP
Attachments: 181120 SARP QA Revenue DFIN Final.docx

Patrick

Attached are the Q&A's on SARP from the Report Stage with one minor amendment in relation to the PRSI rate for 2018 is 10.85%. Do you need anything ahead of Seanad stage tomorrow?

Denise Cunniffe



SARP Q&A

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Table: Benefits of SARP by Income (Department of Finance calculations)

2018 single PAYE earner	Taxable Gross Income	Income Tax Payable	Difference	USC	Total Income Tax and USC Payable		Effective rate of tax
Without SARP	150,000	49,790		9,010.66	58,800.66		39.20%
With SARP	127,500	40,790		9,010.66	49,800.66		33.20%
			9,000	Less Income Tax with SARP		9,000.00	Less Income Tax and USC
Without SARP	300,000	109,790		21,010.66	130,800.66		43.60%
With SARP	232,500	82,790		21,010.66	103,800.66		34.60%
			27,000	Less Income Tax with SARP		27,000.00	Less Income Tax and USC
Without SARP	500,000	189,790		37,010.66	226,800.66		45.36%
With SARP	372,500	136,790		37,010.66	175,800.66		35.16%
			51,000	Less Income Tax with SARP		51,000.00	Less Income Tax and USC
Without SARP	750,000	289,790		57,010.66	346,800.66		46.24%
With SARP	547,500	206,790		57,010.66	265,800.66		35.44%
			81,000	Less Income Tax with SARP		81,000.00	Less Income Tax and USC
Gross Income €1,000,000							
Without SARP	1,000,000	389,790		77,010.66	466,800.66		46.68%
With SARP	722,500	275,790	111,000	Less Income Tax with SARP	77,010.66	355,800.66	35.56%
						141,000.00	Less Income Tax and USC

Gross Income €3,000,000							
Without SARP	3,000,000	1,189,790			237,010.66	1,426,800.66	
With SARP	2,122,500	838,790	351,000	Less Income Tax with SARP	237,010.66	1,075,800.66	
						351,000.00	Less Income Tax and USC
Gross Income €6,000,000							
Without SARP	6,000,000	2,389,790			477,010.66	2,866,800.66	
With SARP	4,222,500	1,876,790	711,000	Less Income Tax with SARP	477,010.66	2,155,800.66	
						711,000.00	Less Income Tax and USC
Gross Income €9,000,000							
Without SARP	9,000,000	3,588,790			719,010.66	4,396,800.66	
With SARP	6,322,500	2,518,790	1,871,000	Less Income Tax with SARP	717,010.66	3,235,800.66	
						1,071,000.00	Less Income Tax and USC

Q Can you provide details of the effect of the cap on salaries over €1million?

Table: REVENUE CALCULATIONS of current benefits of SARP by Income – for 3 options (includes the effect of the reinstatement of the €1million cap)

Gross Salary	SARP Status	Taxable Gross Income	Income Tax Payable	USC	Total Income Tax and USC Payable	Difference in Income Tax where SARP applies against no SARP & SARP cap	Effective rate of tax
€150,000	Without SARP	€150,000	€49,790	€9,011	€58,801		39.20%
€150,000	With SARP	€127,500	€40,790	€9,011	€49,801	€9,000	33.20%
€300,000	Without SARP	€300,000	€109,790	€21,011	€130,801		43.60%
€300,000	With SARP	€232,500	€82,790	€21,011	€103,801	€27,000	34.60%
€600,000	Without SARP	€600,000	€189,790	€37,011	€226,801		45.38%
€600,000	With SARP	€372,500	€138,790	€37,011	€175,801	€51,000	35.16%
€750,000	Without SARP	€750,000	€289,790	€57,011	€346,801		46.24%
€750,000	With SARP	€547,500	€208,790	€57,011	€265,801	€81,000	35.44%
€1,000,000	Without SARP	€1,000,000	€389,790	€77,011	€466,801		46.88%
€1,000,000	With SARP (cap/no cap)	€722,500	€278,790	€77,011	€355,801	€111,000	35.58%
€3,000,000	Without SARP	€3,000,000	€1,189,790	€237,011	€1,426,801		47.58%
€3,000,000	With SARP	€2,122,500	€838,790	€237,011	€1,075,801	€351,000	35.86%
€3,000,000	With SARP CAP	€2,722,500	€1,078,790	€237,011	€1,315,801	–240,000	43.86%
€6,000,000	Without SARP	€6,000,000	€2,389,790	€477,011	€2,866,801		47.78%
€6,000,000	With SARP	€4,222,500	€1,678,790	€477,011	€2,155,801	€711,000	35.93%
€6,000,000	With SARP CAP	€5,722,500	€2,278,790	€477,011	€2,755,801	–610,000	45.93%
€9,000,000	Without SARP	€9,000,000	€3,589,790	€717,011	€4,306,801		47.85%
€9,000,000	With SARP	€6,322,500	€2,518,790	€717,011	€3,236,801	€1,071,000	35.85%
€9,000,000	With SARP CAP	€8,722,500	€3,478,790	€717,011	€4,195,801	–500,000	46.82%

2018 single PAYE earner – PRSI contributions have been excluded from the above calculations

Q Why are you reinstating the cap on SARP?

The Special Assignee Relief Programme (SARP) was introduced in Budget 2012 as part of a strategy to promote Foreign Direct Investment into Ireland, and to allow us to compete internationally to attract highly skilled and mobile executives who act as key decision makers within organisations. SARP continues to be a critical part of Ireland's offering in terms of attracting FDI and supporting Irish based enterprises to compete internationally for talent and projects.

Initially the take-up of SARP was low and there were concerns that certain elements of the design of the incentive were restricting its ability to meet its objectives.

In 2014 my department carried out a review of the incentive including a public consultation exercise and, on the basis of this analysis and the feedback received from key stakeholders, certain decisions were taken to enhance the incentive. This included the removal of a €500,000 cap on eligible income for the purposes of the tax relief.

I note that uptake of the scheme has increased in the years subsequent to this review and indeed many jobs have been both created and retained directly as a result of the incentive. Therefore the objectives of the 2014 review have been realised.

However, I also note that, in a small number of cases individuals have been in receipt of levels of tax relief greatly in excess of what was envisaged when the income cap was removed. In light of this information on the tax expenditure costs of the programme as set out in the 2016 Revenue report, I have decided to bring forward at Report Stage of the Finance Bill, amendments to S825C of the Taxes Consolidation Act 1997 to place a ceiling on eligible income for SARP recipients at €1million. This change will be effective for new entrants to the programme from 1 January 2019 and for existing beneficiaries of the programme from 1 January 2020.

Individuals who benefit from SARP make a substantial contribution to the Exchequer in terms of income tax and USC which would not otherwise arise if these individuals were not located in Ireland. Nonetheless, there is a need to ensure an appropriate balance is struck between attracting the skilled personnel we need on the one hand and ensuring that tax expenditure costs are kept to the minimum necessary on the other. There is also an issue of horizontal equity to be taken into account.

Q Why wait a full year to introduce the cap of €1m for those already availing of the relief?

SARP continues to be a critical part of Ireland's offering in terms of attracting FDI and supporting Irish based enterprises to compete internationally for talent and projects. Attracting international investment and international executives is competitive and our tax offerings in this area must have an element of certainty associated with them. So, we have consistently said that the 12.5% rate of CT will not change. I recognise that a cap for SARP relief is now necessary but, in the interests of balance and promoting tax certainty, I have decided that the cap should only apply from 1 January 2020 to those already availing of the relief.

For example, it would be hard to justify imposing the cap immediately on the executive who arrived here in say October, expecting SARP to apply without a cap. The measure proposed is balanced and fair and allows a lead in time of one year for those executives already here who took up assignment here in the context of a SARP regime which had no cap.

Q Why was the cap removed in 2014?

When SARP was reviewed by my Department in 2014 it was found that take-up had not been as high as anticipated. At the time of the review, Revenue data on the incentive was only available for the year 2012, and for 2013 on a preliminary basis. This data indicated that in the first year of the programme there were only 11 employees and 510 employers availing of the scheme. In total, 510 jobs had been created as a result of the incentive.

The public consultation process, carried out as part of the review, added further evidence that SARP was not meeting the objectives for which it was introduced.

As such, the decision to remove the cap in 2014 was made in the context of poor take-up for the incentive and feedback from key stakeholders which indicated that the cap was too restrictive.

Q Why was the cap of €1million chosen?

Having analysed the range of salaries that beneficiaries of the relief are in receipt of, I believe that it is still possible to maintain the attractiveness of the scheme for the majority, even after re-instating an income cap at a level of €1million. The re-instatement of a cap at this level will have no effect for approximately 98% of SARP participants (based on 2016 data).

For example, in 2016 there were only 11 individuals out of a total of 586 in receipt of salaries in excess of €1million. In 2015 there were 11 individuals out of a total of 586 and in 2014 there were 2 individuals out of a total of 302.

Q. How much has SARP cost to date?

Cost of SARP

Tax cost of SARP per year					
2012	2013	2014	2015	2016	Total
€0.1 million	€1.9 million	€5.9 million	€9.5 million	€18.1 million ¹	€35.5million

The costs in the above table are based on the employer returns submitted to Revenue and therefore represents the maximum cost of all reported individuals to whom the relief is available.

Q. Why has the cost increased so much?

A number of enhancements were made to SARP in Finance Act 2014:

- to remove the upper cap in income of €500,000,
- to reduce the requirement for an individual to have been a full-time employee for 12 months prior to his or her arrival in Ireland to 6 months,
- to relax the requirement regarding tax residence and,
- to remove the restriction on the performance of duties outside the State.

These enhancements made SARP a more attractive relief by reducing the cost to employers of assigning key individuals to their Irish based operations. As a consequence, an increased number of key decision makers took up roles in Ireland. In addition, the removal of the upper threshold has provided relief on a greater proportion of an assignee's salary.

However, the intent behind this scheme is to encourage the expansion of business, additional investment and the establishment of new projects with a consequential increase in the numbers employed in the State. The 2016 report shows that employers reported that 477 additional jobs were created and 607 jobs retained as a result of SARP.

In addition, it is expected that an increase in the profile of key decision makers located in Ireland will increase Ireland's attractiveness globally as a location for Foreign Direct Investment.

Q. What measures are taken to prevent abuse of the scheme?

An employer must file a Form SARP 1/1A for each employee availing of SARP. The form must be submitted to Revenue within 30 days which is now extended to 90 days of the employee's arrival in the State to perform the duties of his or her employment in the State. In addition, the employer must complete and file a SARP Annual Return. The annual return must be made on or before 23 February after the end of each tax year.

Each employee availing of SARP is a chargeable person. Therefore, each employee must file an annual Income Tax Return Form 11.

Q Why is the 2017 Report not available?

An employer must file a return to Revenue in the prescribed Form SARP 1A for each employee availing of SARP. The form must be submitted to Revenue within 30 days of the employee's arrival in the State to perform duties of his or her employment in the State. In addition, the employer must complete and file a SARP Annual Return. The annual return must be made on or before 23 February after the end of each tax year.

Each employee availing of SARP is a chargeable person. Therefore, each employee must file an annual Income Tax Return Form 11, which is how the majority of employees obtain the relief. When the annual SARP return is filed by the employer (by 23 February of the following year) and the Form 11 filing date has passed, Revenue as part of the review process cross reference this information. This cross check cannot take place until after the income tax filing deadline has passed.

The filing deadline for 2017 Income Tax returns was 14th November 2018. Therefore, an analysis of the information for 2017 in the income tax returns filed has only become available. The 2018 income tax returns are not due to be filed with Revenue until October 2019.

The 2017 Annual SARP Report will be compiled by Revenue and submitted to the Department of Finance when this process is completed.

One page redacted under Section 22 (1) (a)

Q What is the average salary under SARP?

The average salary under SARP when the incentive was introduced in 2012 was just under €150,000. This amount has increased to approximately €250,000 in 2016.

However, it should be noted that almost half of individuals are in receipt of salaries between €75,000 and €150,000 and over three quarters are in receipt of salaries of less than €300,000.

Salary	2012	2013	2014	2015	2016
No of Employees	11	121	302	586	793
Average Salary	€143,859	€212,055	€253,648	€237,363	€260,400

Q Why are you extending the application deadline for SARP?

Given that I am already making a report stage amendment to the incentive, I felt that I would use the opportunity to make a further minor technical amendment which will see the timeframe extended for initial reporting by the employer to Revenue after the arrival of the person in the State.

Currently, under S825C of the Taxes Consolidation Act a 'relevant employee' for the purposes of the scheme is taken to mean an individual in respect of whom the relevant employer or associated company certifies, in such form as the Revenue Commissioners may require, within 30 days from the employee's arrival in the State to perform the duties of the role.

Various stakeholders have made the case to me that the current 30 day application period is too restrictive. Revenue have informed me that they understand from agents that it may take up to ten weeks to get a PPSN (which must be reported in the form to Revenue) and the employee may initially reside in temporary accommodation, until suitable accommodation is secured, which may take longer than 30 days.

Revenue further inform me that, in order to satisfy the 30 day reporting requirement, the relevant form is often submitted incomplete (i.e. without the PPSN and in some instances with the temporary address) with the outstanding/updated details provided at a later point. The proposal to extend the reporting timeframe to within 90 days of the arrival of the employee in the State would give rise to a more efficient process for employers and Revenue.

Q. What is SARP/Why do we need a SARP?

The Special Assignee Relief Programme (SARP) is an income tax incentive aimed at reducing the cost to employers of assigning key individuals in their companies from abroad to take up temporary, short-term positions in the Irish based operations of the employer. For example, such individuals may be transferred to head up new divisions of the company or take charge of new product development and thus the relief has the potential to lead to additional investments in Ireland.

Ireland's enterprise policy is based on export-led growth, underpinned by innovation, talent and technologies to deliver long term sustainable economic growth. Foreign Direct Investment has been and continues to be an integral part of Ireland's economic development.

The existence of an incentive like SARP is an acknowledgement that we are competing on a global basis for highly skilled and mobile executives. The competition for this talent is intense, particularly for the types of skills required to facilitate the development and expansion of businesses in Ireland.

Similar assignee tax relief schemes are in operation in many of the jurisdictions that we compete with for foreign direct investments, for example, the Netherlands and Sweden. Such incentives can be a persuading factor when companies decide where to locate investment projects as they help to mitigate the costs associated with the relocation of staff to jurisdictions with differing marginal tax rates. In tandem with our corporation tax rate, SARP is intended to help us to compete for Foreign Direct Investment.

Q. When was the current SARP introduced?

The Special Assignee Relief Programme was announced in Budget 2012 and enacted in Finance Act 2012. In his Budget speech, the Minister at the time reaffirmed Ireland's commitment to the 12.5% corporation tax rate and stated

"while the package of attractions for inward investment has been very successful, I believe with some adjustments more jobs can be created. As part of that strategy, I will introduce a "Special Assignee Relief Programme". This will allow multinational and indigenous companies to attract key people to Ireland so as to create more jobs and to facilitate the development and expansion of businesses in Ireland."

The scheme was made available for 3 years, until 31 December 2014, at which time it was to be reviewed. The relief was further extended by subsequent Finance Acts in 2014, 2016 and is due to expire at the end of 2020.

Q. Why was the scheme reviewed in 2014?

SARP was introduced for an initial three year period with a scheduled sunset clause of 31 December 2014. It was the intention of the Minister for Finance at the time, that the incentive would be reviewed in advance of the scheduled end date, with a decision on its future being made in this context.

Q Why is the scheme being reviewed in 2019?

The Department of Finance Tax Expenditure Guidelines sets out the overall approach which should be taken in carrying out evaluations of tax expenditure measures. The guidelines advise that level 2 schemes, that is those incentives with an annual cost of between €10million and €50million, should be reviewed every 5 years. As SARP was last reviewed in 2014, it is due for review in 2019.

Furthermore, the incentive has a sunset clause of 31 December 2020 and so a decision must be taken in advance of this date as to whether the scheme is to be extended or not.

Q. What was the format of the 2014 review?

The review comprised of:

- An analysis of the background and rationale for the programme;
- An analysis of the data available from the Revenue Commissioners including the cost and take-up of the programme;
- Examination of the proposals and comments received from the Public Consultation on SARP which ran from 31 March 2014 to 9 May 2014;
- Consideration of discussions held with stakeholders on the programme;
- Examination of similar type programmes in a number of other jurisdictions; and
- Examination of options for SARP after 31 December 2014.

Q. What was the result of the Public Consultation? (Proposals received, etc.)

A total of 13 submissions containing 28 proposals for amendments to SARP were received from Industry Representative Bodies, Government Agencies, Companies and Accountancy Firms.

The most frequently cited proposals for amendments were as follows:

-That we would:

- Open the scheme to new hires;
- Provide an increased level of tax relief;
- Remove the requirement to not be tax resident elsewhere;
- Include relief from USC and PRSI;
- Remove or alter the upper or lower thresholds;
- Remove the restriction on overseas duties;
- Simplify the application and reporting requirements.

Q What changes were made following on from the 2014 review of the incentive?

In Finance Act 2014, following a review of the incentive, the following changes were made:

- The upper income cap on eligibility of €500,000 was removed (with the aim of encouraging senior decision makers to come to Ireland);
- The requirement for an individual to have been a full time employee for 12 months prior to his or her arrival in Ireland was reduced to 6 months;
- The requirement regarding tax residence was amended to ensure that individuals who are tax resident in Ireland will qualify;
- The restriction on the performance of duties outside the State was removed (in recognition of the fact that many assignees have to travel for work purposes);
- The reporting obligations of employers was strengthened; and,
- The application time limit was set at a period of 30 days from when the employee arrives in the State to perform their duties.

The scheme was also extended until the end of 2017, with a further extension to the incentive being made in Budget 2017 until 31 December 2020.

Q How does SARP currently operate?

SARP provides income tax relief on a portion of income earned by employees who are assigned by their employer to work in Ireland, either for that employer (or an associated company of the relevant employer), and who previously worked for that employer for a minimum of 6 months in a country with which the State has a double taxation agreement.

SARP relief applies to assignments during any of the tax years 2012 to 2020.

Currently the exemption from income tax applies on 30% of all income earned over €75,000 for employees that are assigned for a minimum of one year, up to a maximum of five years.

Prior to 1 Jan 2015 there was a €500,000 income cap in place for eligible income to be relieved under the incentive.

There is no exemption from USC and PRSI is also payable where the individual is not liable to it in their home State.

The employee must not have been tax resident in Ireland for the five tax years immediately preceding the year in which they arrive to take up employment.

The employee must be tax resident in Ireland for all the years in which they claim the relief. The employee must have a minimum basic salary of €75,000 per annum (excluding bonuses, commission or share based remuneration).

Individuals who qualify for the relief are also entitled to receive, free of tax, certain travel expenses and certain costs associated with their children's education.

In order to apply for SARP relief, the employer must send a SARP 1A form for each employee to Revenue within 30 days of the employee arriving in Ireland to take up duties. This will now be extended to 90 days.

Relief may be granted through payroll or claimed at the end of the tax year. A return of income must be submitted for each year in which the relief is claimed.

Each employer must make an annual return to Revenue outlining a number of details about the relevant employees and the amount of relief claimed. The employer must also give information on any increase in number of employees in the company as a result of the operation of SARP relief and/or the number of employees retained by the company as a result of the operation of SARP.

Q. How can the Minister justify this tax exemption for the highly paid?

This tax incentive is about reducing the costs to businesses in locating key personnel in Ireland, thereby increasing the potential for additional job creation in new divisions or for new projects of the relevant business. Where an individual transfers from a jurisdiction with lower effective tax than Ireland, the employer would often have to increase the salary payable in order to ensure that the relevant employee did not suffer a loss in net pay as a result of accepting the assignment. The requirement for increased salaries imposes additional costs on employers. There may also be costs involved in temporarily moving a family to Ireland. In the absence of the incentive, it could be more cost efficient for a multinational to assign such individuals, and any associated jobs, to some of our competitor countries.

The incentive reflects the need to offer conditions here that are competitive with other countries with which we compete for foreign investment.

Q Is SARP effective in creating jobs?

Every employer participating in SARP must make an annual return to Revenue outlining, amongst other things, any increase in the number of employees in the company as a result of the operation of SARP relief and/or the number of employees retained by the company as a result of the operation of SARP.

The most recent Revenue analysis of the incentive highlights that employers reported that an extra 477 employees had been employed by their companies in 2016 as a result of SARP. In 2015, employers reported an increase of 591 employees as a result of SARP.

Further to this, employers also reported that there were 607 employees retained by companies in 2016 as a result of the operation of SARP. This figure stands at 603 employees for the year 2015.

Level of Take-up 2016	2012	2013	2014	2015	2016
Number of jobs created	110	49	126	591	477
Number of jobs retained	56	215	708	603	607

Q. Why do Irish people have to pay the full rate of tax when assignees from abroad do not?

This relief is not exclusively available for individuals from outside the State. Any Irish person who has not been tax resident in Ireland for 5 years prior to an assignment to the State will also qualify for this relief, provided they are assigned to work here from a qualifying country by their employer.

This incentive is targeting limited Exchequer resources at key mobile talent, people who can choose where they want to work. Such individuals may, in turn, act as potential "magnets" to attract additional levels of business and investment to Ireland resulting in increased employment at the Irish operations of the company.

It is worth noting that for each single individual who avails of the maximum amount of relief under this programme, over €355,801 will be paid to the Exchequer in Income Tax and USC which might not otherwise have been received.

Max Relief available at €1m-Cap applicable	SARP without PRSI	No SARP
Salary	€1,000,000	€1,000,000
Exempt Income (1m-75K=925K*30%)	€277,500	€0
Taxable Income after SARP Relief	€722,500	€1,000,000
Standard Rate Tax Paid 34550*20%	€6,910	€6,910
Higher Rate Tax Paid	€275,180	€386,180
Total Tax (after credits)	€278,790	€389,790
USC (various bands)	€77,011	€77,011
Total of Tax, USC & PRSI (where relevant) Due	€355,801	€466,801
Effective tax rate (incl USC & PRSI)	35.58%	46.68%

Q. What are the skills requirement for the scheme?

No specific skills requirements are set out in the legislation underpinning the scheme. However, skills are implicit in the minimum salary level of €75,000 that is required to qualify for the scheme.

Restricting the tax relief to individuals who have skills that are scarce or not available in Ireland would be difficult to implement. The relevant skills would need to be identified and targeted and would be subject to constant change. There would be endless debate about which skills should be included and whether there is equivalence of qualifications and experience between different jurisdictions.

In addition, such a skills based approach could prevent access to the incentive for multinationals who might wish to assign a foreign-based project manager, with a proven track record, to manage an Irish based project, for example.

Q. How can the Minister justify the provision of tax relief for school fees?

An exemption from benefit-in-kind taxation is provided for primary and post-primary school fees where paid for by the employer, up to a maximum of €5,000.

It is a matter for the employer as to whether they wish to pay such fees on behalf of the assigned employee. However, children of assignees are likely to have studied a different curriculum in their home country and/or may not speak English as their primary language. In order for these students to continue their studies, it may be necessary for them to attend specialised schools which, in most cases, are fee-paying schools. The costs associated with such schools could deter an individual from accepting an assignment to Ireland and an employer may wish to pay the fees in order to secure the transfer of the individual concerned. In such cases, it is not unreasonable to allow employers to pay such fees without a charge to income tax.

Of course, where the assignee sends their children to a public school, no fees will be payable and therefore no benefit-in-kind will arise.

Q. What is the amount of tax that is foregone annually due to tax breaks for private schooling in respect of SARP?

Under SARP, school fees of up to €5,000 per annum for each child of the relevant employee or for each child of his or her spouse or civil partner are eligible for tax relief.

Revenue have provided me with the following figures in relation to the total amount of tuition fees in respect of which claims were made under SARP.

They are as follows:

- In 2016, €600,000 worth of tuition was claimed;
- In 2015 €477,000 worth of tuition was claimed;
- In 2014 €571,000 worth of tuition was claimed;
- In 2013 €169,000 worth of tuition was claimed;
- In 2012 €34,000 worth of tuition was claimed.

It should be noted that these figures relate to the total tuition claimed and are not the same as the amount of tuition fees that qualified for SARP.

I am advised by Revenue that if an assumption is made that the total amount of private school fees relieved under SARP for 2016 amounted to approximately €600,000 and this total figure was relieved under the 40% marginal tax rate, this would have effectively resulted in €240,000 being refunded.

Q. What will be the maximum amount of relief per individual as a result of this amendment?

Following on from the re-instatement of the cap at the level of €1million, where the cap applies, the maximum amount of income that can be relieved under the scheme is €277,500, equating to €111,000 in income tax foregone.

However, it should be noted that, even after SARP is applied in this scenario, such an individual would still pay a total of €355,801 in income tax and USC to this State and where PRSI is payable this individual would pay €395,801 in total. The employer would also have an obligation to pay employer PRSI for that individual of €108,500.

Given that these individuals are highly mobile and that there is significant international competition to recruit such key employees, it is likely that in the absence of SARP they would not necessarily have come to Ireland. Thus, the State is benefitting from €355,801 in tax revenue being paid here which in other circumstances may not have been collected at all. Where PRSI is applicable the figure of €355,801 increases to €504,301 (inclusive of employers PRSI).

Max Relief available at €1m-Cap applicable	SARP with PRSI	SARP without PRSI	No SARP
Salary	€1,000,000	€1,000,000	€1,000,000
Exempt Income (1m-75K=925K*30%)	€277,500	€277,500	€0
Taxable Income after SARP Relief	€722,500	€722,500	€1,000,000
Standard Rate Tax Paid 34550*20%	€6,910	€6,910	€6,910
Higher Rate Tax Paid	€275,180	€275,180	€386,180
Total Tax (after credits)	€278,790	€278,790	€389,790
USC (various bands)	€77,011	€77,011	€77,011
PRSI 4%	€40,000	€0	€40,000
Total of Tax, USC & PRSI (where relevant) Due	€395,801	€355,801	€506,801
Effective tax rate (incl USC & PRSI)	39.58%	35.58%	50.68%
Employer PRSI 10.85%	€108,500	€108,500	€108,500

Q. What was the maximum amount of relief obtained by an individual under SARP prior to the re-instatement of the cap?

In the interests of taxpayer confidentiality, this information cannot be disclosed. However, as can be seen from the 2016 SARP Report there were a small number (11 for 2016) of individuals in receipt of salaries in excess of €1 million who were beneficiaries of tax relief under the incentive.

For example, at a gross income level of €3million, the amount of income relieved under the scheme (with no cap applied) would amount to €877,500 equating to €351,000 in income tax foregone. However, it should be noted that, even after SARP is applied in this scenario, such an individual would still pay a total of €1.075million in income tax and USC. If PRSI was applicable this total would be €1.195 million including employee PRSI at 4% at €120,000

Q What is the difference in the effective tax rates between an individual in receipt of SARP and an individual not availing of SARP?

For the sake of clarity I have excluded PRSI contributions from my calculations as these individuals may be making social insurance contributions to their home State, given the limited time span of their assignment abroad.

At the level of €1million, an individual in receipt of SARP will have an effective tax rate of 35.58%. An individual not availing of SARP will have an effective tax rate of 46.68%.

Comparison of Effective Rates – excluding PRSI

Salary Level	SARP – with Cap €1 million	SARP – No Cap	No SARP
€80,000	30.75%	30.75%	31.50%
€100,000	31.80%	31.80%	34.80%
€150,000	33.20%	33.20%	39.20%
€300,000	34.60%	34.60%	43.60%
€500,000	35.16%	35.16%	45.36%
€750,000	35.44%	35.44%	46.24%
€1,000,000	35.58%	35.58%	46.68%
€3,000,000	43.86%	35.86%	47.56%
€6,000,000	45.93%	35.93%	47.78%
€10,000,000	46.62%	35.96%	47.87%

Q How can you be certain that SARP is not displacing Irish people from Irish jobs?

One of the conditions of SARP is that the employee must have worked outside Ireland for a minimum of six months for the relevant employer (or with an associated company of that employer), immediately prior to being assigned to work in Ireland.

Direct hires are not eligible for the scheme so as to ensure that we are not creating a situation whereby it is cheaper for companies to recruit new hires from abroad in place of Irish employees.

Q What other countries operate similar programmes?

Similar schemes which give tax benefits to relocating workers are available in a number of other European countries such as France, Holland, Denmark, Sweden, Spain, Italy and Finland.

Many of the features of the Irish assignee programme could be considered to be more restrictive than those imposed in competitor schemes. For example, we are the only EU nation to restrict our scheme to assignees who are employed by the employer or a related company prior to the relocation to Ireland. Features of other assignee schemes include longer availability periods and lower earnings thresholds for eligibility onto the scheme.

Q How does the Irish scheme compare to our competitors?

Special Assignee tax reliefs exist in a number of other jurisdictions, for example in France, Holland, Italy, Portugal and Spain.

The Dutch scheme for example allows for 30% of salary to be paid as an income tax free expatriate allowance. The employee may have transferred or been recruited directly from abroad and must have a minimum salary of €37,296.

The French scheme provides for a partial income tax exemption of up to 50% for a period of up to 8 years for individuals of any nationality called upon to work full-time in a permanent or temporary position for a company established in France.

Q Is this not an acknowledgment that the marginal rates are too high?

The Government is committed to measures that positively benefit workers while also keeping the tax base broad. Increases in take-home pay have positive knock-on consequences for businesses and jobs in the domestic economy.

In 2018, it is the Government's position that earners start to pay the marginal rate of tax at too low an income level and it is committed to reducing excessive tax rates for low and middle income earners while also keeping the tax base broad. Progress has already been made in the last number of Budgets by focusing on reducing the tax burden on low to middle income earners, while maintaining a broad tax base. This has been done by making targeted changes to the USC and also by increasing the entry point to the higher rate of income tax. In this year's Budget, the entry point to the higher rate of income tax has been increased by €750 for all earners and the third rate of USC has been reduced from 4.75% to 4.5%. The impact of these changes is that the top marginal rate on incomes up to €70,000 will be reduced to 48.5% from 2019. It should be remembered that as recently as December 2014, the top marginal rate of tax for a single individual on all income over €32,800 was 52%.

All earners who pay Income Tax and USC will benefit from the changes announced in Budget 2019.

Q. What is the history of SARP?

Prior to 2006, the remittance basis of taxation applied to the income derived from a foreign employment (e.g. foreign employer/foreign contract/foreign pay point) held by an individual who is Irish tax resident but not Irish domiciled. Income tax was payable only on the amount of income that was 'remitted' to Ireland. Such income was outside the scope of the PAYE system with any tax due being payable by way of the self-assessment tax system.

As a result of abuses of this scheme, from 2006 onwards fundamental changes were introduced which provided that income in respect of foreign employment duties exercised in Ireland was fully taxable here and subject to the PAYE collection mechanism². Foreign employment income in respect of duties exercised outside the State continued to be only taxable on the amount remitted here.

Following the curtailment of the remittance basis of taxation from 2006 onwards, representations were received seeking the introduction of an incentive to attract highly skilled individuals to live and work in the State. A new regime was designed and introduced in Finance (No. 2) Act 2008³. This relief operated so that, instead of paying tax here on the total foreign salary attributable to the duties exercised here, the individual paid tax only on the greater of -

- i. that element of the foreign salary income actually remitted to the State; or
- ii. €100,000 plus 50% of the excess over €100,000.

The relief was paid by way of refund at the end of the tax year. Although figures are not available from the Revenue Commissioners, the level of take-up of this scheme was very low, highlighting the need for some level of reform. Reasons cited for the low take-up included the fact that it was too restrictive in terms of individuals who qualified such as the requirement to have never paid tax in Ireland previously and the inability of individuals to bring the earnings into the country. It also represented a loss to the Exchequer in that such earnings were spent offshore, therefore there was a loss of domestic spending and indirect taxes.

² <http://www.revenue.ie/en/about/foi/s16/income-tax-capital-gains-tax-corporation-tax/part-05/05-01-21a.pdf?download=true>

³ <http://www.revenue.ie/en/about/foi/s16/income-tax-capital-gains-tax-corporation-tax/part-34/34-00-08.pdf?download=true>

Revenue reply opposition amendment: a report on the SARP scheme outlining the costs to date including the costs in 2017 and so far in 2018.

An employer must file a return to Revenue in the prescribed Form SARP 1A for each employee availing of SARP. The form must be submitted to Revenue within 30 days of the employee's arrival in the State to perform duties of his or her employment in the State. In addition, the employer must complete and file a SARP Annual Return. The annual return must be made on or before 23 February after the end of each tax year.

Each employee availing of SARP is a chargeable person. Therefore, each employee must file an annual Income Tax Return Form 11, which is how the majority of employees obtain the relief. When the annual SARP return is filed by the employer (by 23 February of the following year) and the Form 11 filing date has passed, Revenue as part of the review process cross reference this information. This cross check cannot take place until after the income tax filing deadline has passed.

The filing deadline for 2017 Income Tax returns was 14th November 2018. Therefore, an analysis of the information for 2017 in the income tax returns filed has only become available. The 2018 income tax returns are not due to be filed with Revenue until October 2019.

The 2017 Annual SARP Report will be compiled by Revenue and submitted to the Department of Finance when this process is completed

Budget speech 2012

Promoting International Trade

Much of Ireland's growth at present can be attributed to the attractiveness of Ireland for inward investment. The Corporate Tax Rate of 12.5 per cent and our place in Europe are central to this. We made a commitment in the Programme for Government to maintain the 12.5 per cent rate and we will do so. The Government have successfully protected this rate even under international pressure and given our fiscal state.

The Government successfully negotiated a reduction of €10 billion in the interest rate margin that was far bigger than originally offered and made no concession on the Corporate Tax Rate.

Today, I want to say to our friends in the multinational sector who continue to invest so strongly in Ireland and Europe, there will be no change in Ireland's 12.5 per cent Corporate Tax Rate. We promised this in the Programme for Government and we will fulfil this commitment.

While the package of attractions for inward investment has been very successful, I believe with some adjustments more jobs can be created.

As part of that strategy, I will introduce a "Special Assignee Relief Programme". This will allow multinational and indigenous companies to attract key people to Ireland so as to create more jobs and to facilitate the development and expansion of businesses in Ireland.

After consultation with the Tánaiste, Eamon Gilmore T.D., I am also introducing a Foreign Earnings Deduction to further support our export drive by aiding companies seeking to expand into emerging markets. This targeted deduction will apply where an individual spends 60 days a year developing markets for Ireland in Brazil, Russia, India, China and South Africa – the so called BRICS countries. I will be giving details of these and additional measures in the Finance Bill.

The International Financial Services industry in Ireland has been one of the great export success stories of the last 20 years. The sector employs more than 30,000 people and contributes over €1 billion in tax to the Exchequer. However, financial services are highly mobile and we must compete within a global market to ensure that the sector in Ireland continues to grow. Our commitment to the sector has been reaffirmed in the 5-year strategy for the industry which was launched by the Taoiseach, Enda Kenny T.D., in July this year. I intend to introduce a package of measures in the Finance Bill to support the continued success of the international funds industry, the corporate treasury sector, the international insurance industry and the aircraft leasing industry.

Appendix: Further Revenue tables

Table: Current benefits of SARP by Income with No Cap

Gross Salary	SARP Status	Taxable Gross Income	Income Tax Payable	USC	Total Income Tax and USC Payable	Difference in Income Tax where SARP applies	Effective rate of tax
€150,000	Without SARP	€150,000	€49,790	€9,011	€58,801		39.20%
€150,000	With SARP	€127,500	€40,790	€9,011	€49,801	€9,000	33.20%
€300,000	Without SARP	€300,000	€109,790	€21,011	€130,801		43.60%
€300,000	With SARP	€232,500	€82,790	€21,011	€103,801	€27,000	34.60%
€500,000	Without SARP	€500,000	€189,790	€37,011	€226,801		45.36%
€500,000	With SARP	€372,500	€138,790	€37,011	€175,801	€51,000	35.16%
€750,000	Without SARP	€750,000	€289,790	€57,011	€346,801		46.24%
€750,000	With SARP	€547,500	€208,790	€57,011	€265,801	€81,000	35.44%
€1,000,000	Without SARP	€1,000,000	€389,790	€77,011	€466,801		46.68%
€1,000,000	With SARP	€722,500	€278,790	€77,011	€355,801	€111,000	36.58%
€3,000,000	Without SARP	€3,000,000	€1,189,790	€237,011	€1,426,801		47.56%
€3,000,000	With SARP	€2,122,500	€838,790	€237,011	€1,075,801	€351,000	36.86%
€6,000,000	Without SARP	€6,000,000	€2,389,790	€477,011	€2,886,801		47.78%
€6,000,000	With SARP	€4,222,500	€1,878,790	€477,011	€2,155,801	€711,000	36.93%
€9,000,000	Without SARP	€9,000,000	€3,589,790	€717,011	€4,306,801		47.85%
€9,000,000	With SARP	€6,322,500	€2,518,790	€717,011	€3,235,801	€1,071,000	36.95%

PRSI contributions have been excluded from the above calculations

2018 single PAYE earner

Table: Current benefits of SARP by Income (Cap €1m)

Gross Salary	SARP Status	Taxable Gross Income	Income Tax Payable	USC	Total Income Tax and USC Payable	Difference in Income Tax where SARP applies	Effective rate of tax
€1,000,000	Without SARP	€1,000,000	€389,790	€77,011	€466,801		46.65%
€1,000,000	With SARP	€722,500	€278,790	€77,011	€355,801	€111,000	35.58%
€3,000,000	Without SARP	€3,000,000	€1,189,790	€237,011	€1,426,801		47.58%
€3,000,000	With SARP	€2,722,500	€1,078,790	€237,011	€1,315,801	€111,000	43.95%
€6,000,000	Without SARP	€6,000,000	€2,389,790	€477,011	€2,866,801		47.78%
€6,000,000	With SARP	€5,722,500	€2,278,790	€477,011	€2,755,801	€111,000	45.93%
€9,000,000	Without SARP	€9,000,000	€3,589,790	€717,011	€4,306,801		47.85%
€9,000,000	With SARP	€8,722,500	€3,478,790	€717,011	€4,195,801	€111,000	46.62%

PRSI contributions have been excluded from the above calculations

2018 single PAYE earner

Analysis of Special Assignee Relief Programme 2016¹

1. General

The 2012 Finance Act introduced section 825C to the Taxes Consolidation Act 1997. This section, as amended, provides income tax relief for certain individuals assigned² during any of the tax years 2012 to 2020³ to work in the State. The relief is commonly known as SARP (Special Assignee Relief Programme).

The aim of the relief is to reduce the cost to employers of assigning skilled individuals in their companies from abroad to take up positions in the Irish-based operations of their employer or an associated company, thereby facilitating the creation of jobs and the development and expansion of businesses in Ireland.

For the tax years 2012, 2013 and 2014, SARP provides for relief from income tax on 30% of salary between €75,000 and €500,000. For the tax years 2015 to 2020, the upper limit of €500,000 has been abolished. There is no exemption from USC and PRSI is payable where the individual is not liable to social insurance contributions in their home country. School fees of up to €5,000 per annum and expenses incurred on one trip home per year, where they are paid for by the employer, are not subject to tax.

A brief summary of the conditions to be satisfied in order to qualify for SARP is included in Annex 1. Annex 2 contains a brief note on the operation of the relief.

2. Outturn for 2016

This report covers the uptake and cost of SARP in respect of the tax year 2016, based on returns received by the Revenue Commissioners as at 23 March 2018. Details are set out in Annex 3, including comparison with the years 2012, 2013, 2014 and 2015. The relevant returns are the SARP 1A Form, which is completed in respect of each SARP employee claiming the relief, and the Annual Employer SARP Return.

August 2018

¹ The report includes comparative figures for 2012, 2013, 2014 and 2015.

² Employees may either be assigned to work for their employer or employed by an associated company of their employer.

³ Section 15 of Finance Act 2014 extended the relief to include individuals assigned to work in the State during any of the tax years 2015, 2016 and 2017. A number of enhancements were made for those years, including the removal of the upper income threshold of €500,000. Section 10 of Finance Act 2016 has further extended the relief to the tax year 2020.

ANNEX 1

Conditions for relief

The relief can be claimed by an individual who:

- (a) arrives in the State (Ireland) in any of the tax years 2012 to 2020, at the request of his or her relevant employer to perform duties of his or her employment for that employer or to take up employment in the State with an associated company of that employer and to perform duties for that company. A relevant employer is a company that is incorporated and tax resident in a country with which the State has a double taxation agreement or a tax information exchange agreement;
- (b) immediately before being assigned to work in the State, worked outside the State for a minimum period of 6 months⁴ for the relevant employer who assigned him or her to work in the State;
- (c) performs duties referred to in (a) above for a minimum period of 12 consecutive months from the date he or she takes up residence in the State;
- (d) was not tax resident in the State for the 5 tax years immediately preceding the year of his or her arrival in the State to take up employment;
- (e) for each of the tax years in respect of which relief is claimed, was tax resident in the State⁵;
- (f) earns a minimum basic salary of €75,000 per annum excluding all bonuses, commissions or other similar payments, benefits, or share based remuneration.

Comprehensive guidance notes on SARP can be found on the Revenue website in the Tax and Duty Manual 34-00-10.

⁴ In the case of an individual arriving in the State in tax years 2012, 2013 or 2014, a minimum period of 12 months applied.

⁵ For the tax years 2012, 2013 and 2014, the individual could not be tax resident elsewhere.

ANNEX 2

Operation of SARP

€75,000 thresholds

For clarification, there are two separate and distinct €75,000 thresholds that must be considered for SARP –

- (a) the €75,000 threshold for the purposes of determining eligibility for the relief; and
- (b) the €75,000 threshold used in calculating the tax relief.

Eligibility for relief

Before an individual is eligible to claim the relief, he or she must earn "relevant income" of not less than €75,000 per annum. This means that his or her basic salary before benefits, bonuses, commissions, share based remuneration, etc. must be not less than €75,000.

Calculating the relief

The tax relief is granted by calculating what is known as the "specified amount" and relieving that specified amount from the charge to income tax. The specified amount is determined by reference to the following formula –

Formula: (A-B) x 30%

where –

A: is the amount of the relevant employee's income, profits or gains from his or her employment in the State with a relevant employer or associated company, excluding expenses and amounts not assessed to tax in the State and net of any superannuation contributions. In addition, where the relevant employee is entitled to double taxation relief in relation to part of the income, profits or gains from the employment, that part of the income is also excluded from 'A'.

For the years 2012, 2013 and 2014, where this amount exceeds €500,000, 'A' was capped at €500,000 (the "upper threshold"), and

B: is €75,000.

The specified amount is 30% of the individual's income that exceeds €75,000. For 2012, 2013 and 2014, the specified amount is 30% of the individual's income between €75,000 and €500,000 (upper threshold).

The specified amount is exempt from income tax.

The specified amount is not exempt from USC. In addition, the specified amount is not exempt from PRSI unless the employee is relieved from paying Irish PRSI under either an EU Regulation or under a bilateral agreement with another jurisdiction.

Report of the Office of the Revenue Commissioners

ANNEX 2 (continued)

For the purposes of calculating 'A' in the definition of specified amount, all income from the employment is included (e.g. bonuses, commission or other similar payments, benefits in kind and share based remuneration). However, as noted above, any amount on which relief for pension contributions has been obtained is excluded as are amounts paid in respect of expenses. In addition, where an individual is entitled to double taxation relief for foreign tax, that part of the income on which such relief is claimed should be excluded in calculating the specified amount.

ANNEX 3

Table 1: Increase in number of employees, as reported by employers, as a result of the operation of SARP

<i>Increase in number of employees per year</i>					
2012	2013	2014	2015	2016	
6	49	126	591	477	

Table 2: Number of employees retained, as reported by employers, as a result of the operation of SARP

<i>Number of employees retained per year</i>					
2012	2013	2014	2015	2016	
6	215	708	603	607	

Table 3: Cost of SARP

<i>Tax cost of SARP per year</i>					
2012	2013	2014	2015	2016	
€0.1 million	€1.9 million	€5.9 million	€9.5 million	€18.1 million ⁶	

Table 4: Number of employees within various salary bands whose employer made a SARP return

<i>Salary Range</i>		<i>Number of employees per year</i>				
		2012	2013	2014	2015	2016
	€75,000 to €150,000	-	35	88	224	359
	€150,001 to €225,000	-	36	79	155	160
	€225,001 to €300,000	-	28	63	81	79
	€300,001 to €375,000	-	12	29	34	56
	€375,001 to €675,000	-	10	33	62	95
	€675,001 to €1,000,000	-	-	8	22	26
	€1,000,001 to €3,000,000	-	-	2	8	14
	€3,000,001 to €10,000,000	-	-	-	-	4
	Total	11⁷	121	302	586	793

⁶ The cost is calculated based on employer returns submitted to Revenue and therefore represents the maximum cost of all reported individuals to whom the relief is available.

⁷ In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics.

ANNEX 3 (continued)

Table 5: Sector of employer who made a SARP return

Sector	<i>Number of employees per year</i>				
	2012	2013	2014	2015	2016
IT	-	36	79	167	224
Financial Services	-	31	101	168	179
Pharma & Medical	-	17	35	50	130
Consumer Industrial Products & Services	-	13	9	69	104
Other Services	-	13	26	72	130
Other	-	11	52	60	26
Total	11^b	121	302	536	793

^b In the interests of taxpayer confidentiality, a breakdown is not supplied in respect of the 2012 statistics